2014 Fredericton Housing Outlook Seminar

CANADA MORTGAGE AND HOUSING CORPORATION
Claude Gautreau – Senior Market Analyst

Canada

Housing market intelligence you can count on

CMHC SCHL
HOME TO CANADIANS

2013 Year in Review

2014 Outlook

Are Supply and Demand in Balance?

Source: CMHC/CREA

Are Supply and Demand in Balance?

2nd Highest Recorded Level

Source: CMHC/CREA

Are Supply and Demand in Balance?

2nd Highest Recorded Level

Vacancy Rate

New Listings

Historic High Level

Price Growth

Un-absorbed Units

Source: CMHC/CREA

Are Supply and Demand in Balance?

2nd Highest Recorded Level

Vacancy Rate

New Listings

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Price Growth

Un-absorbed Units

Trending Upwards

Source: CMHC/CREA

Are Supply and Demand in Balance?

2nd Highest Recorded Level

Vacancy Rate

New Listings

Historic High Level

Minimal/ Slowing

Price Growth

Un-absorbed Units

Trending Upwards

Source: CMHC/CREA

Declining Employment + Declining Net-Migration + Above Average Construction Activity

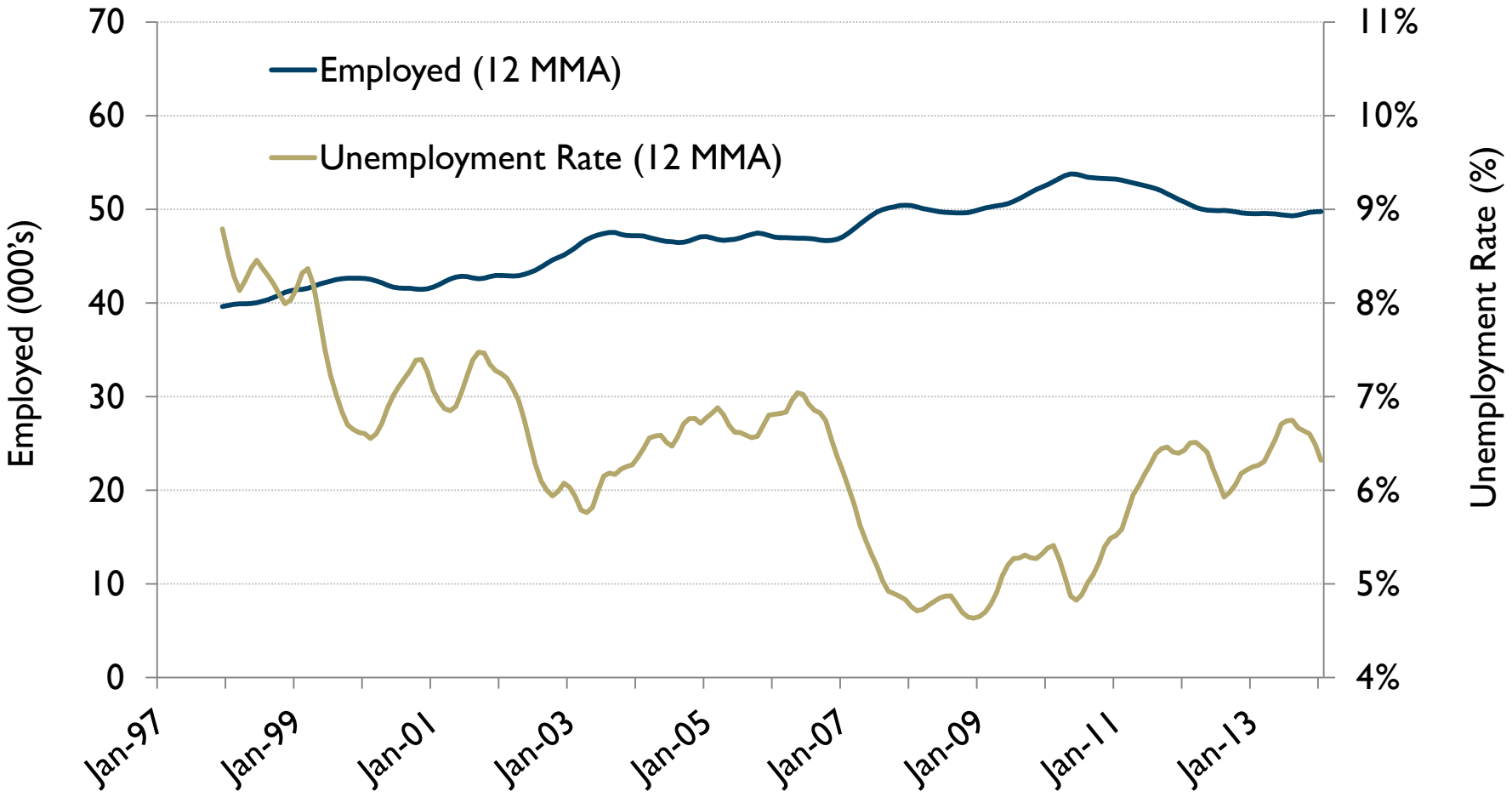
Excess Supply in some Market Segments

Source: Statistics Canada Labour Force Survey/: Statistics Canada Tax Filer Data/CMHC

Housing Market Drivers

Total Employment (000's) and Unemployment Rate (%)

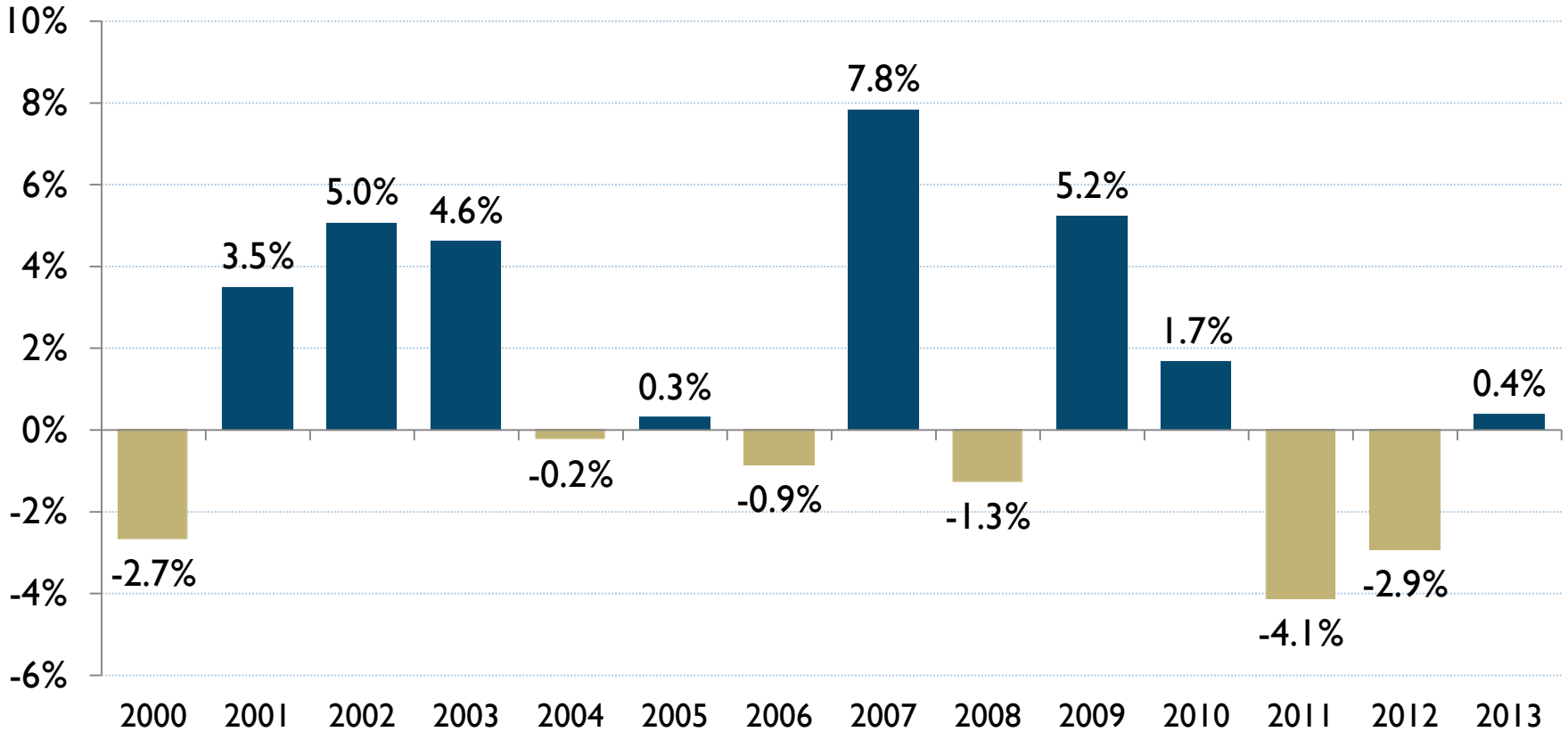
Fredericton CA



Source: Statistics Canada Labour Force Survey

Annual Employment Growth

Fredericton CA

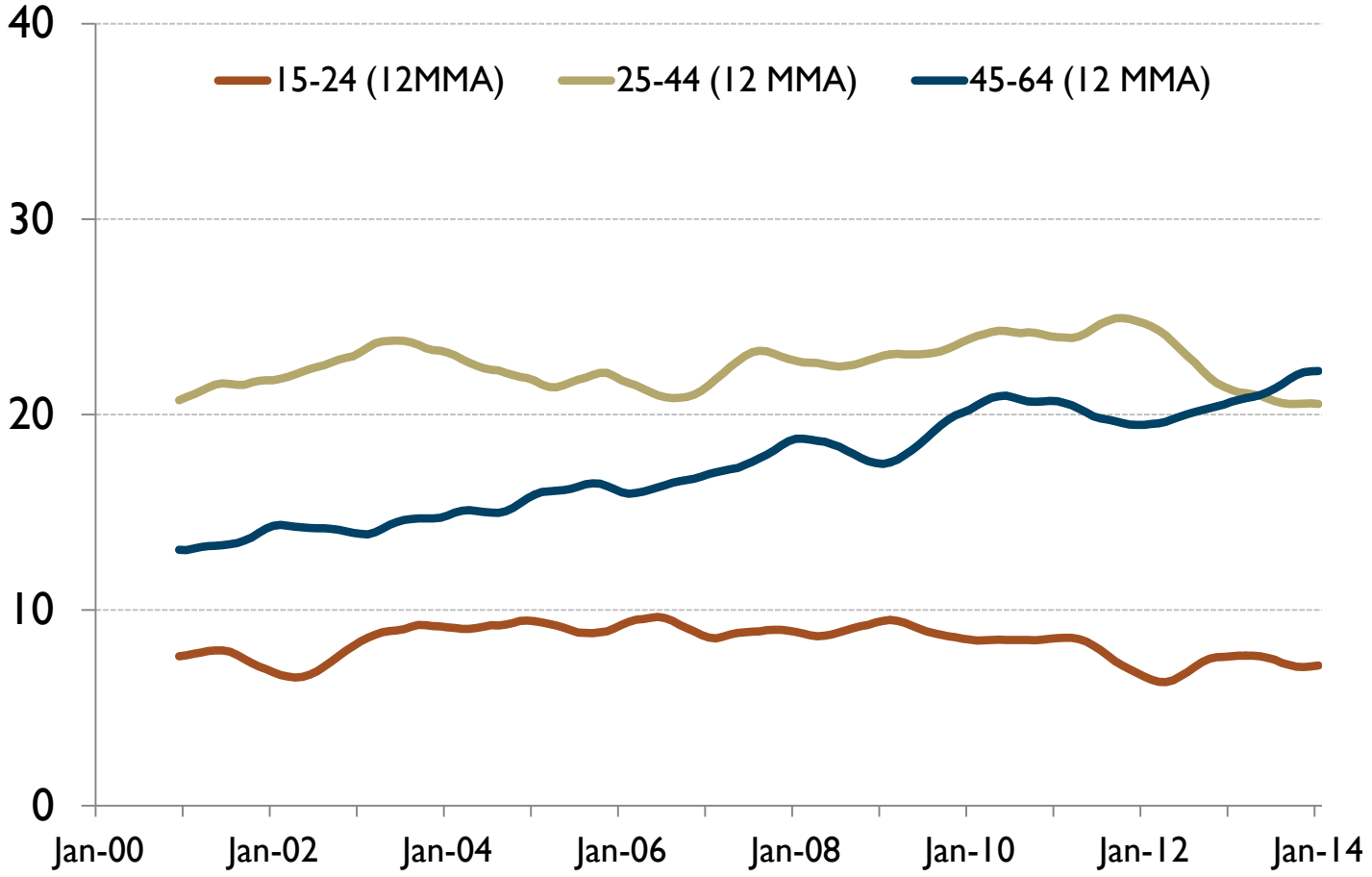


Average Annual Increase (2000-2013)	+1.2%	Employed (2013)	49,700

Source: Statistics Canada Labour Force Survey

Annual Employment Change

Fredericton CA



General Employment Trends

45-65

Rising

25-44

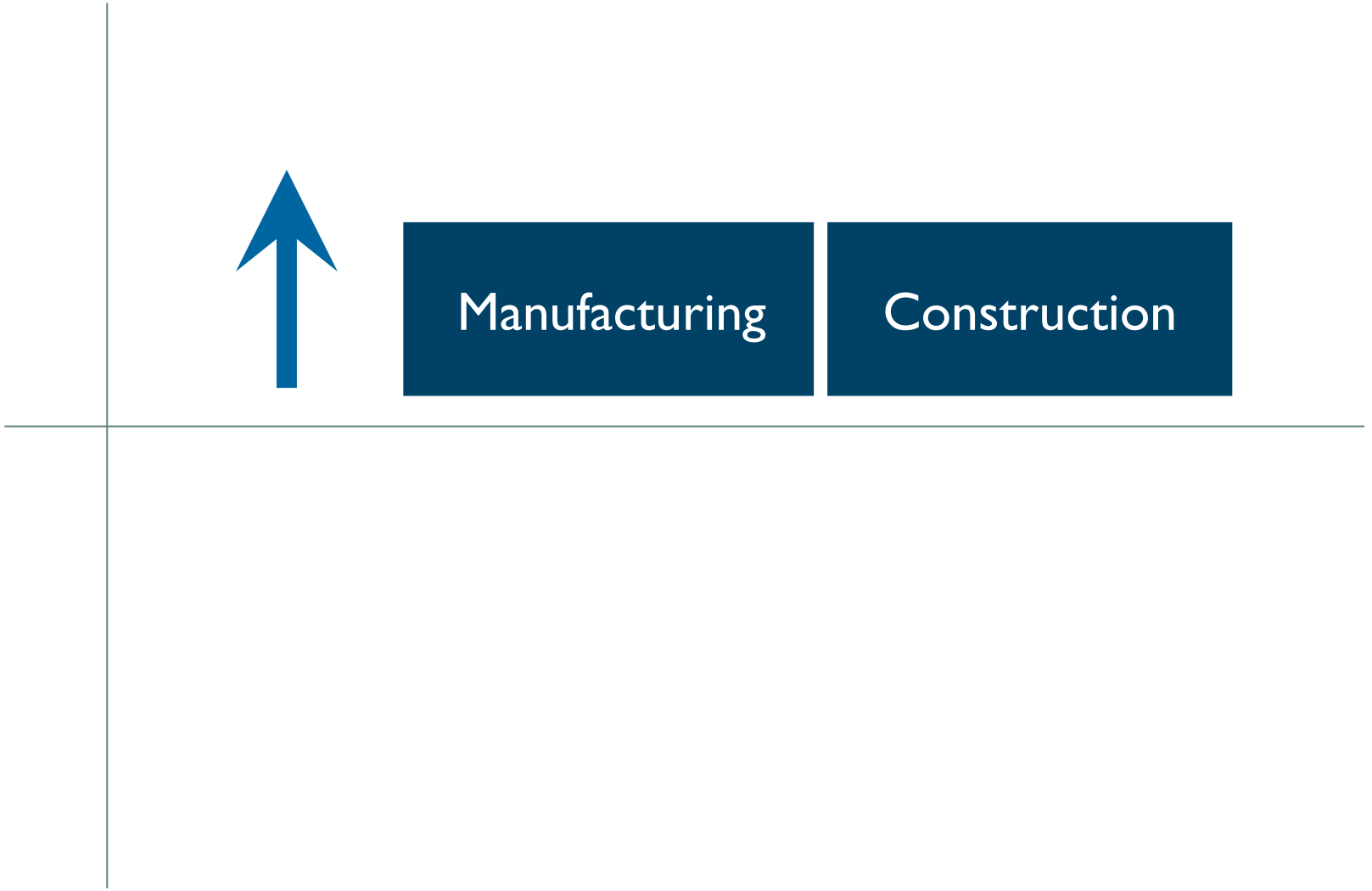
Declining

15-24

Declining

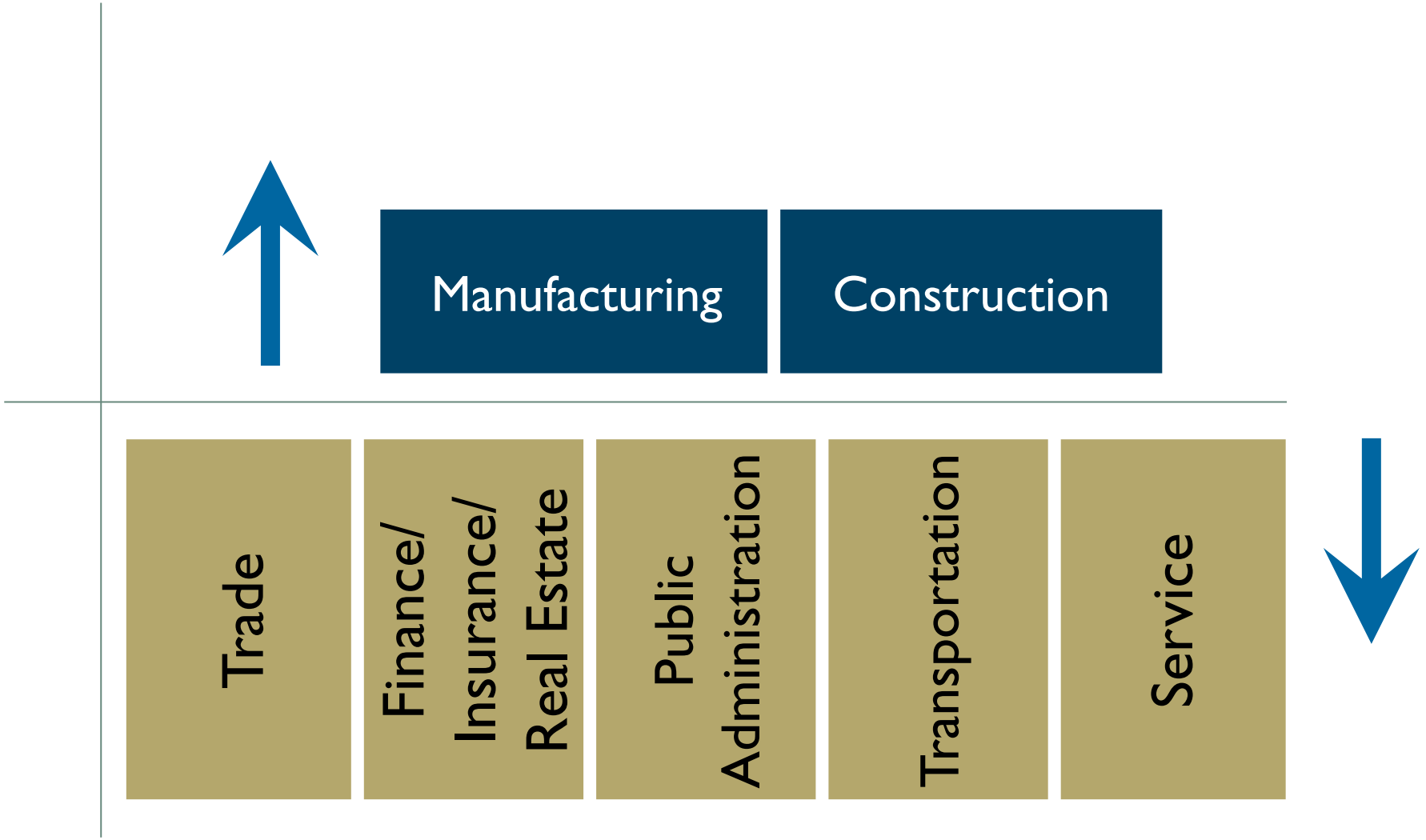
Source: Statistics Canada Labour Force Survey

Employment Change by Industry in 2013



Source: Statistics Canada Labour Force Survey

Employment Change by Industry in 2013



Source: Statistics Canada Labour Force Survey

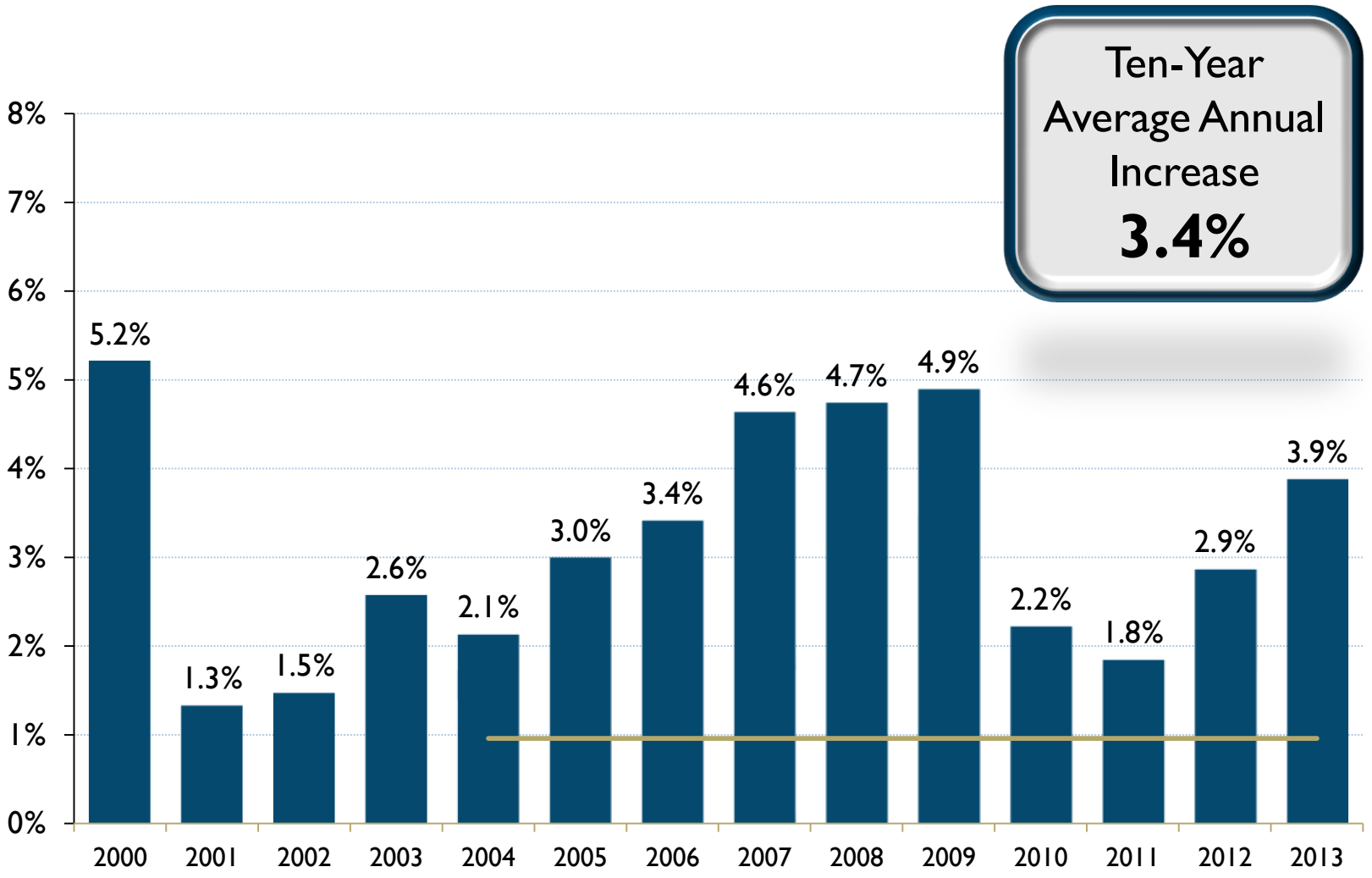
Recent Employment Change – By Industry

Employment Trends (2009-2013)	
By Demographic Group	Average Annual % Change Last 5 Years
Full-Time	**+ 0.4%**
Part-Time	**+0.2%**
15-24	**- 4.7%**
25-44	**- 1.9%**
45-64	**+ 5.1%**

Source: Statistics Canada Labour Force Survey

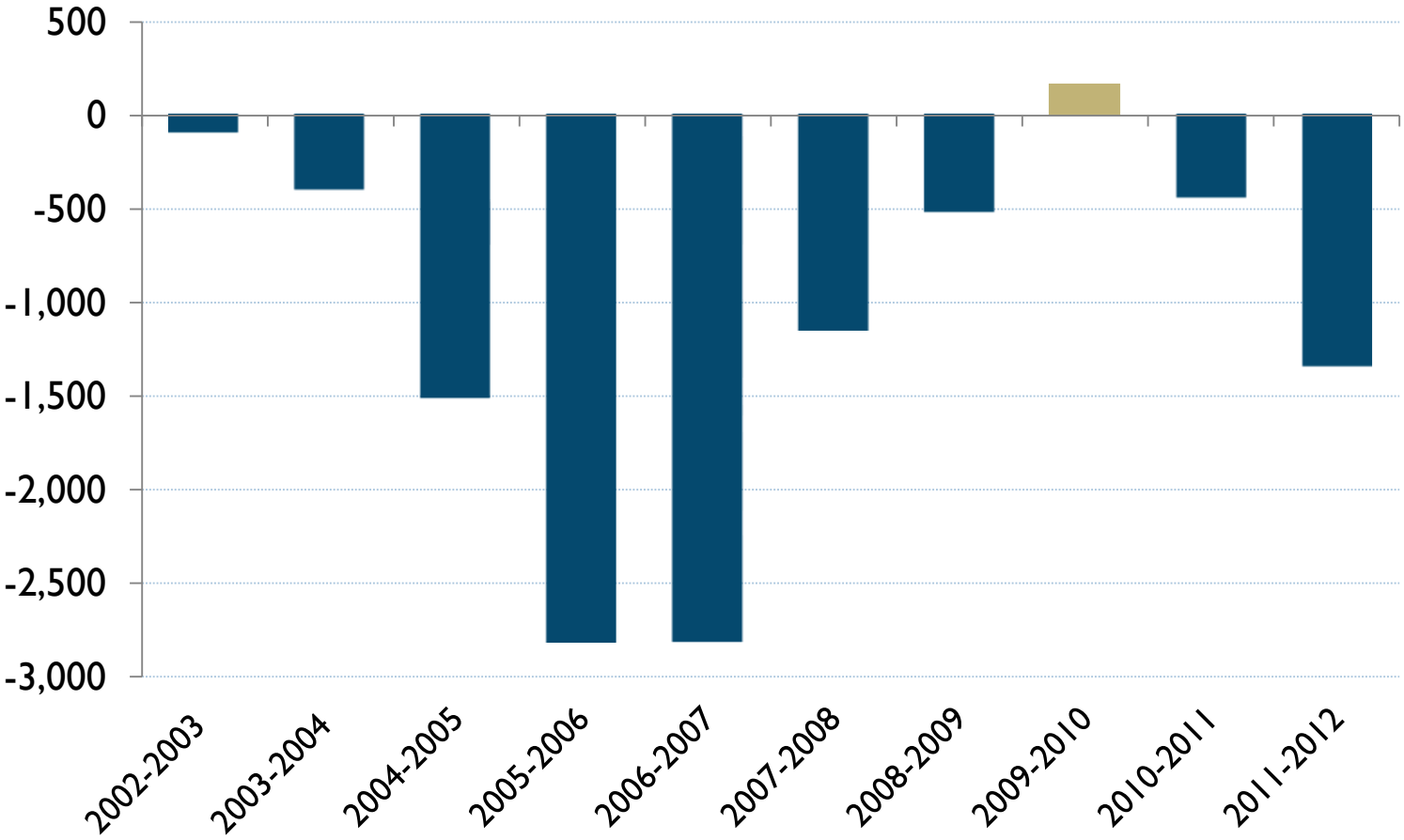
Annual Percentage Change Weekly Earnings

Province of New Brunswick



Source: Statistics Canada Labour Force Survey

Provincial Migration to Alberta

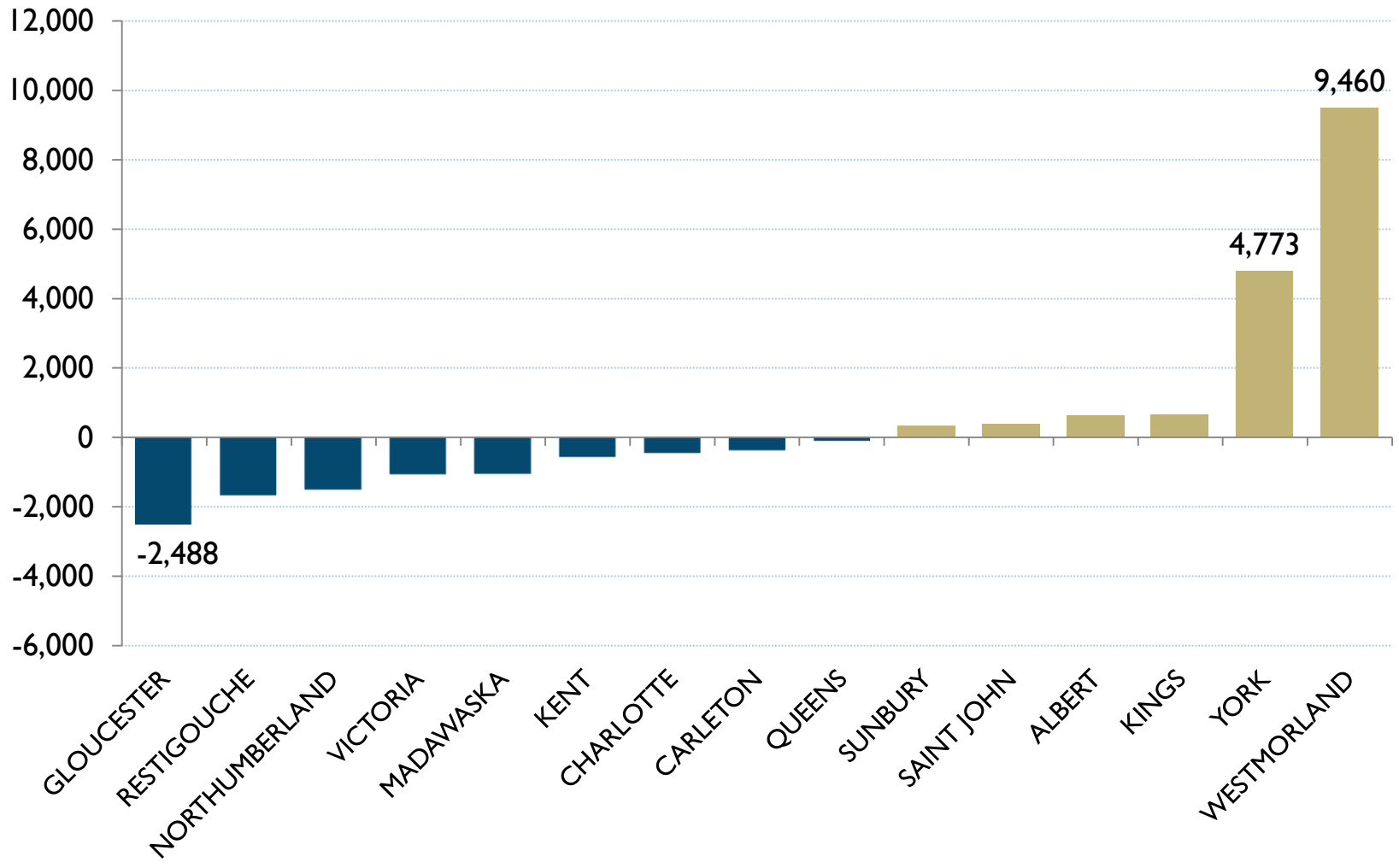


- Most of the people leaving are under 45 years of age
- Out-migration briefly reversed following the 2008/2009 recession

Source: Statistics Canada Tax Filer Data

Net Migration by County - New Brunswick

2006-2012



Source: Statistics Canada Tax Filer Data

Net Migration – Greater Fredericton

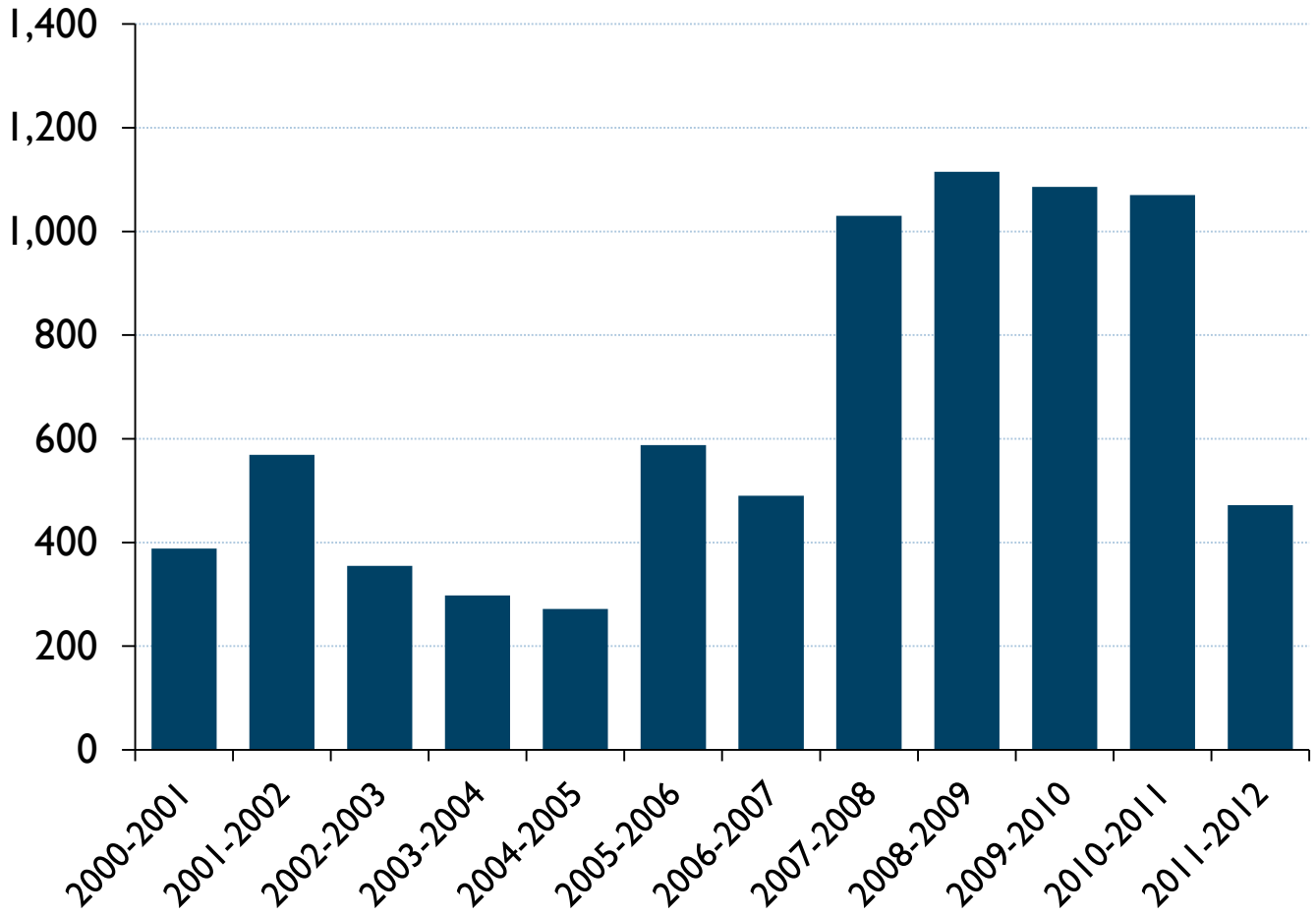
York County

Net Gain Since 2000-2001

7,733

Average Annual Gain Since 2000-2001

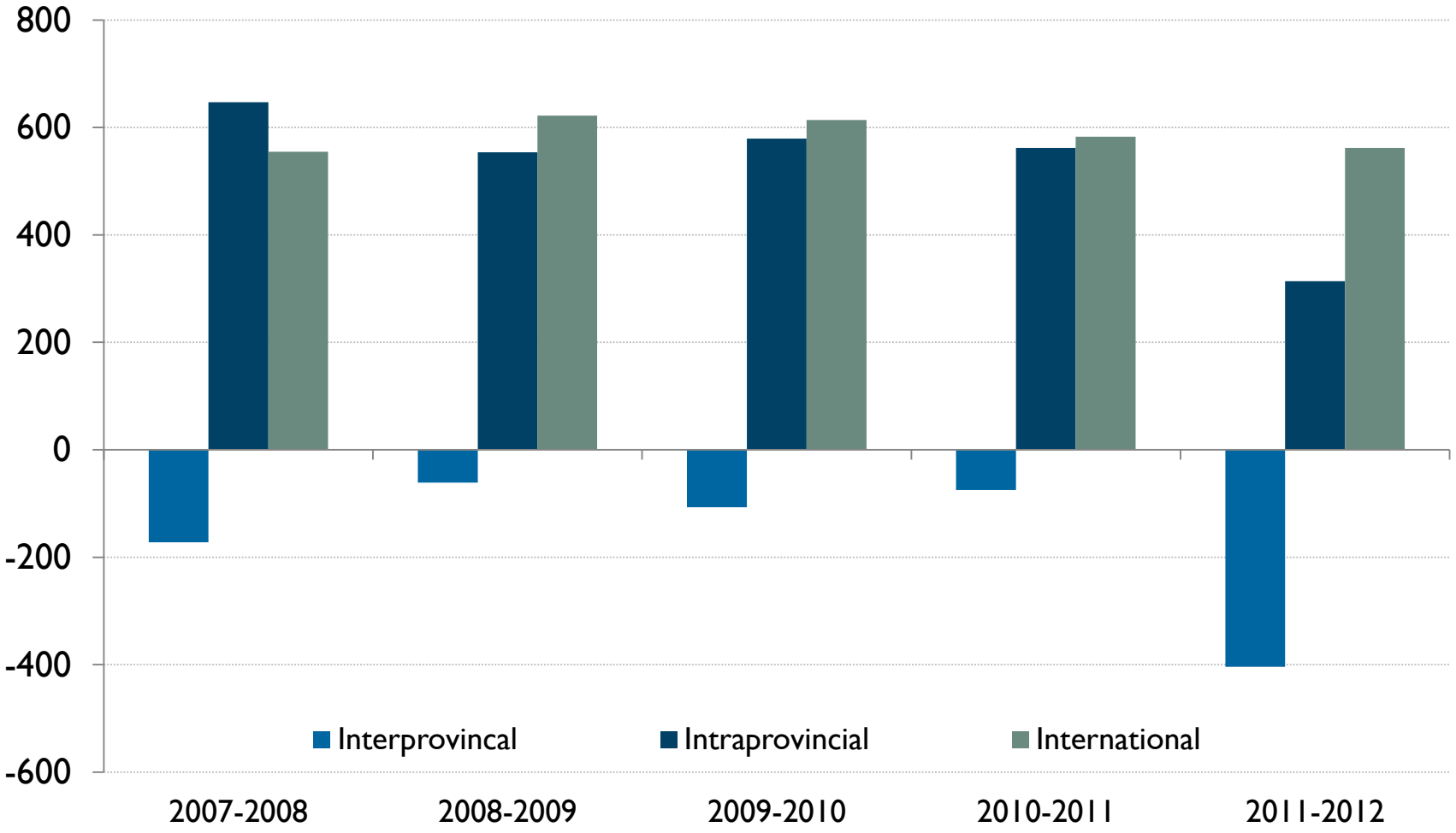
644



Source: Statistics Canada Tax Filer Data

Migration Patterns

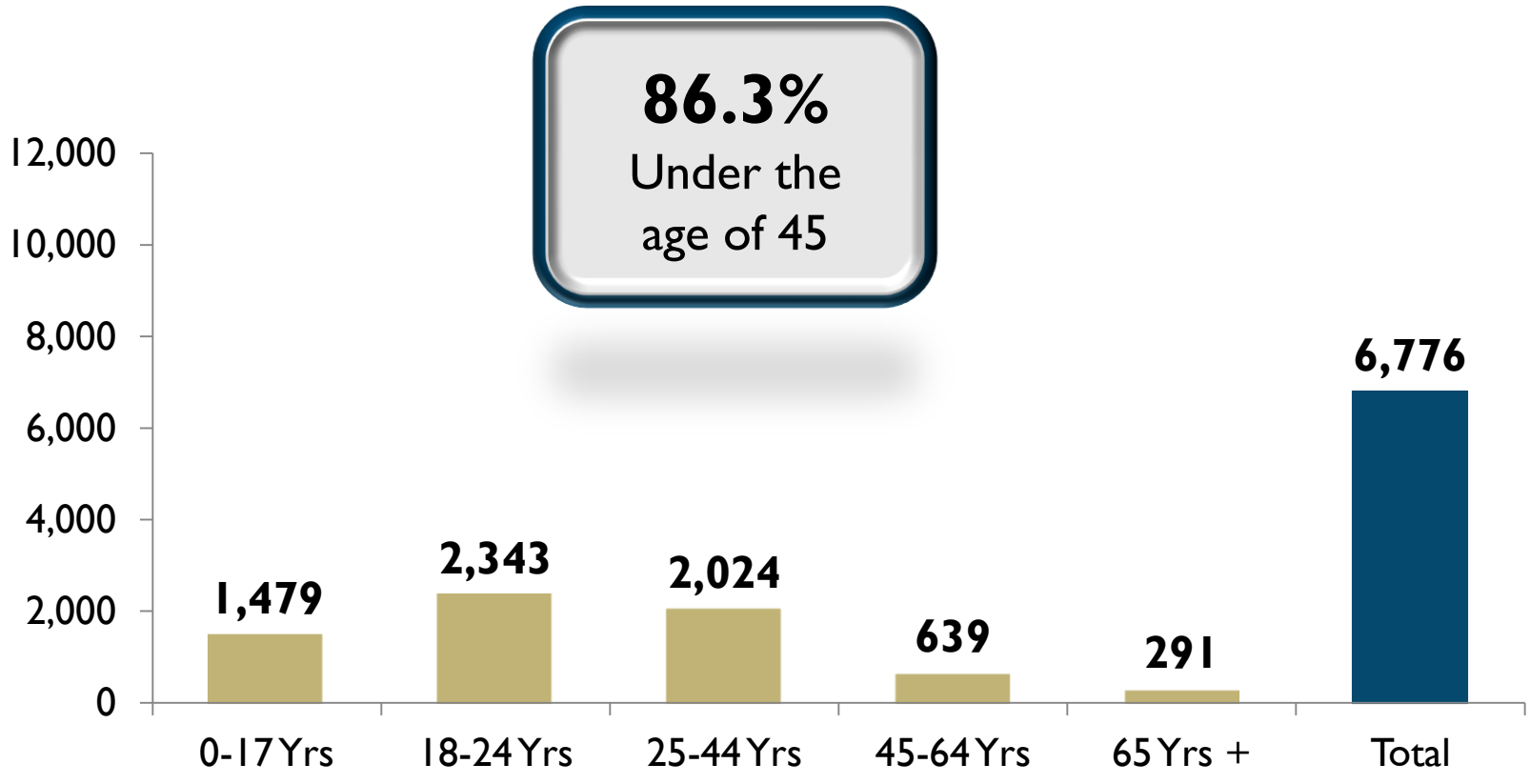
York County



Source: Statistics Canada Tax Filer Data

Net-Migration by Age Group (2002-2012)

Greater Fredericton



	0-17 Yrs	18-24 Yrs	25-44 Yrs	45-64 Yrs	65 Yrs +	Total
Share of Total	21.8%	34.6%	29.9%	9.4%	4.3%	100%

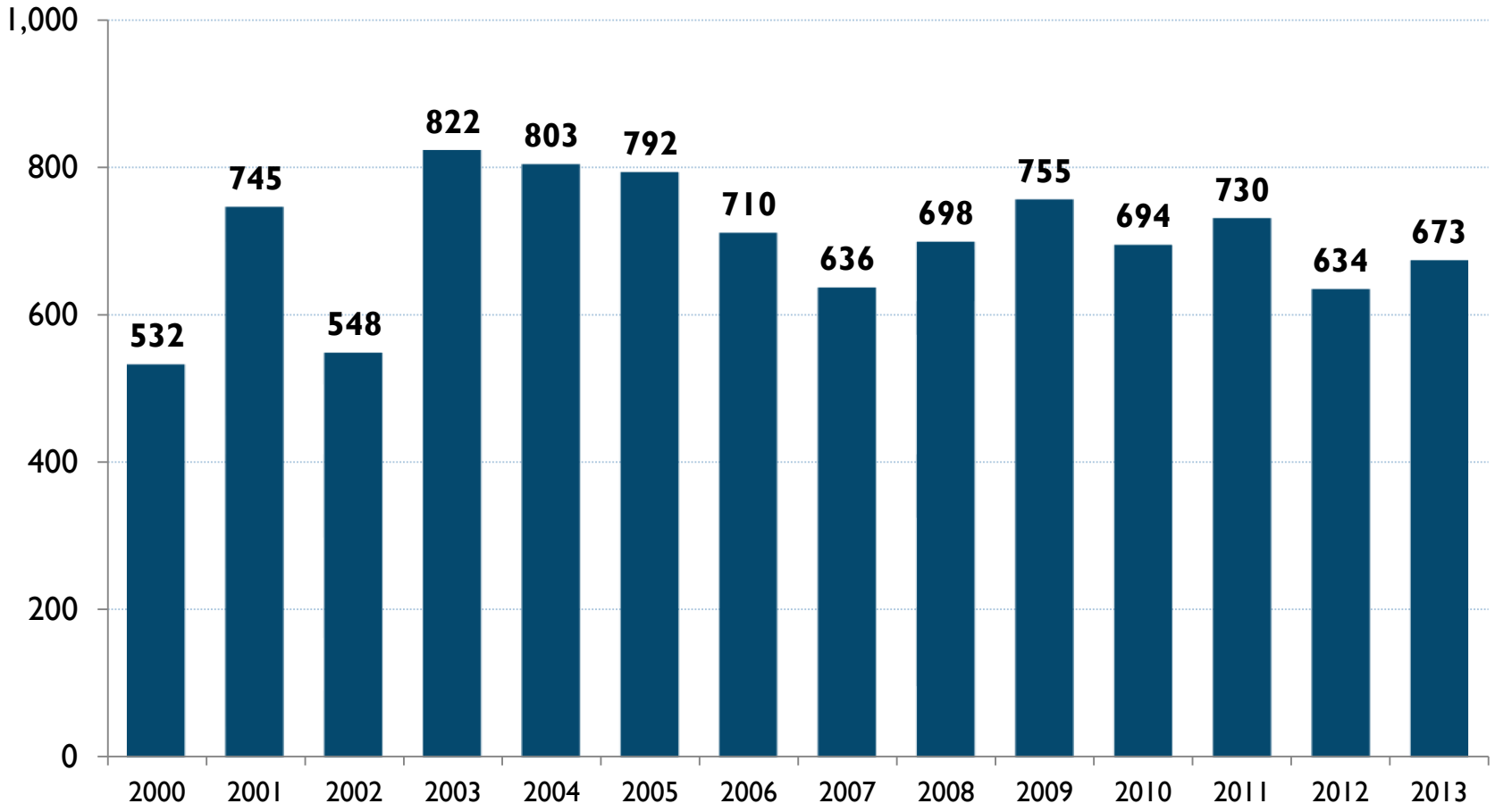
Source: Statistics Canada Tax Filer Data

Housing Market Drivers

Multi-Residential/Rental Market

Total Starts - Annual

Fredericton CA

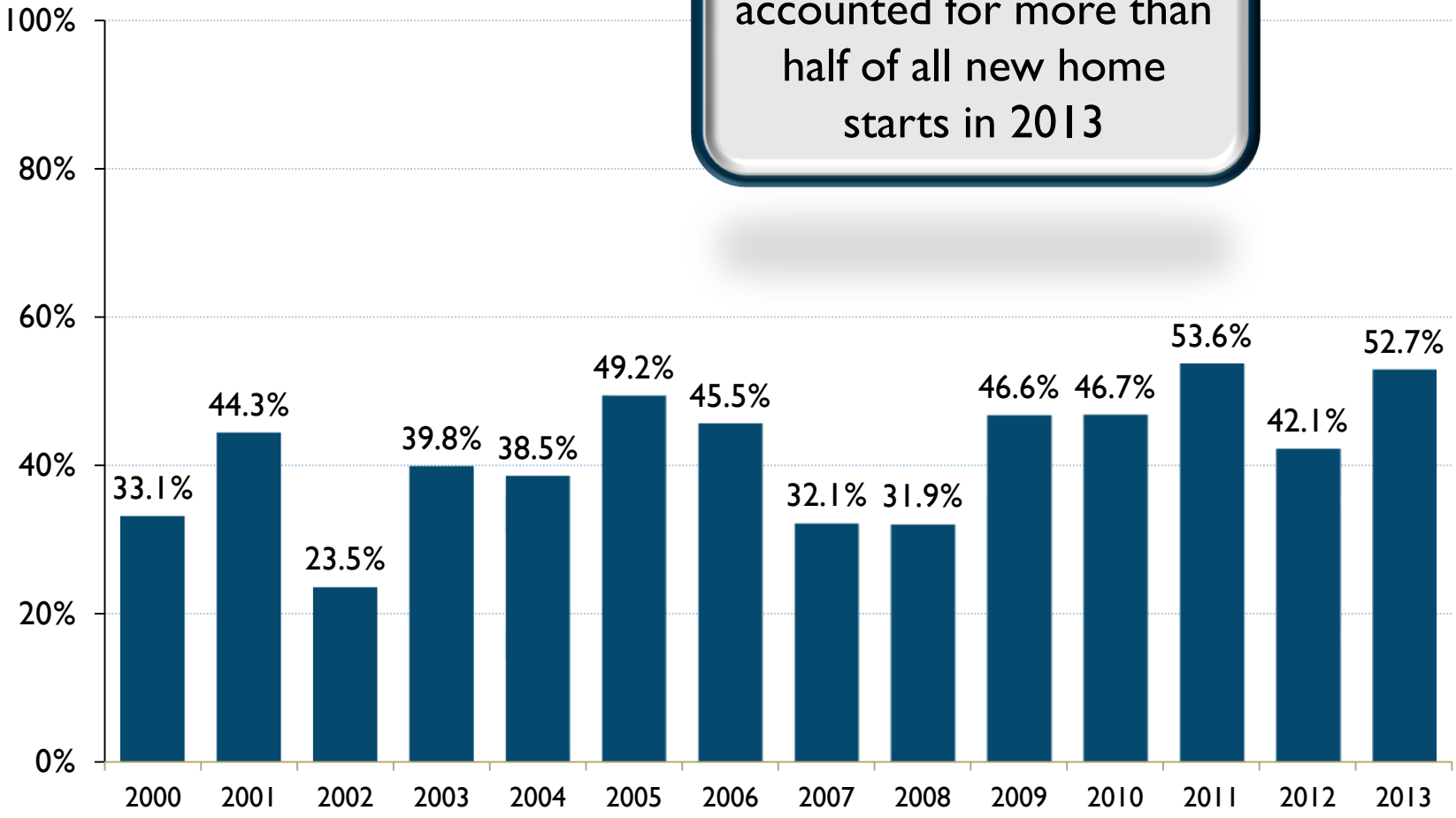


Source: CMHC

Multiple Starts as a Percentage of Total Starts

Fredericton CA

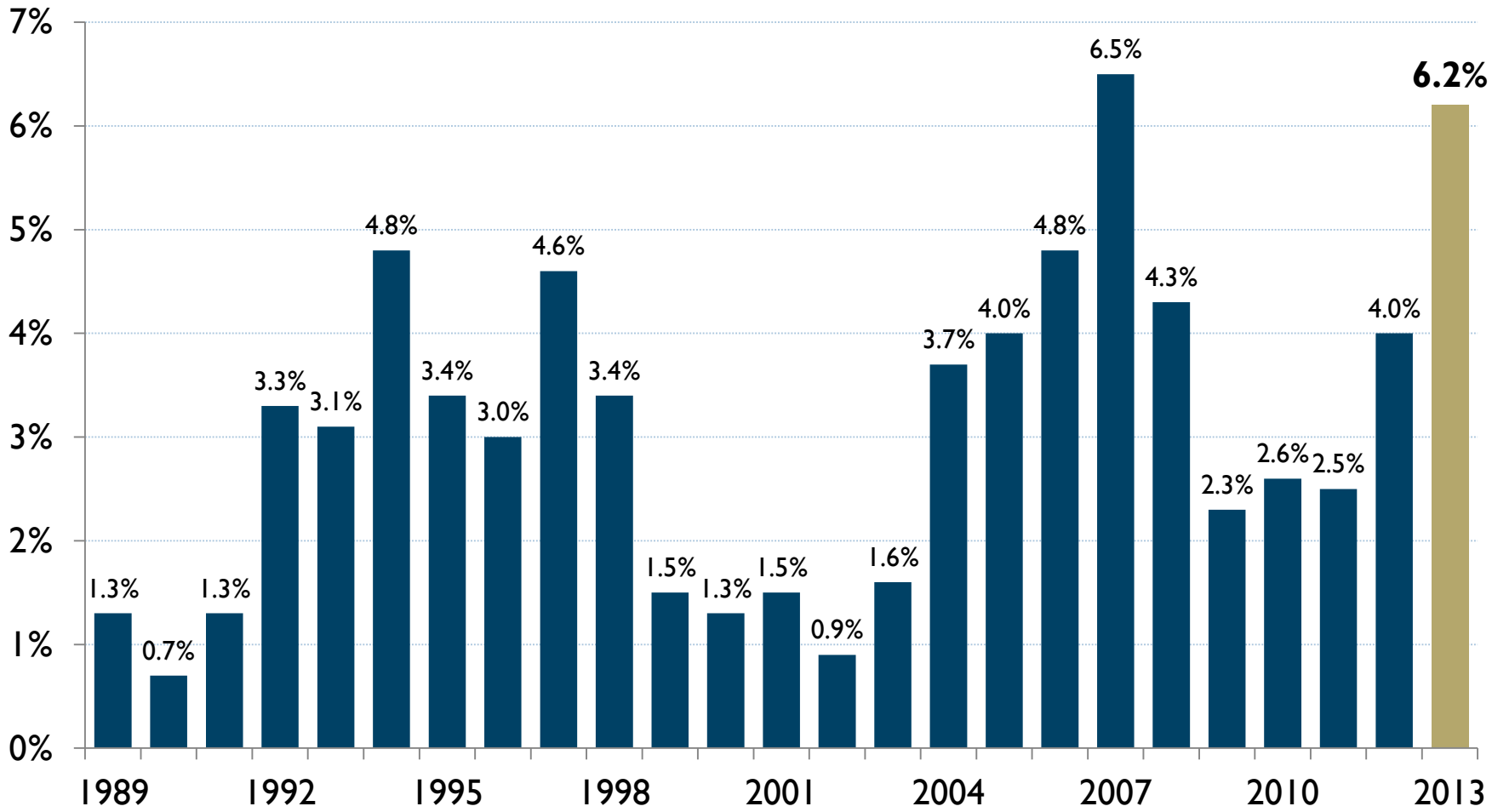
Multi-residential starts accounted for more than half of all new home starts in 2013



Source: CMHC

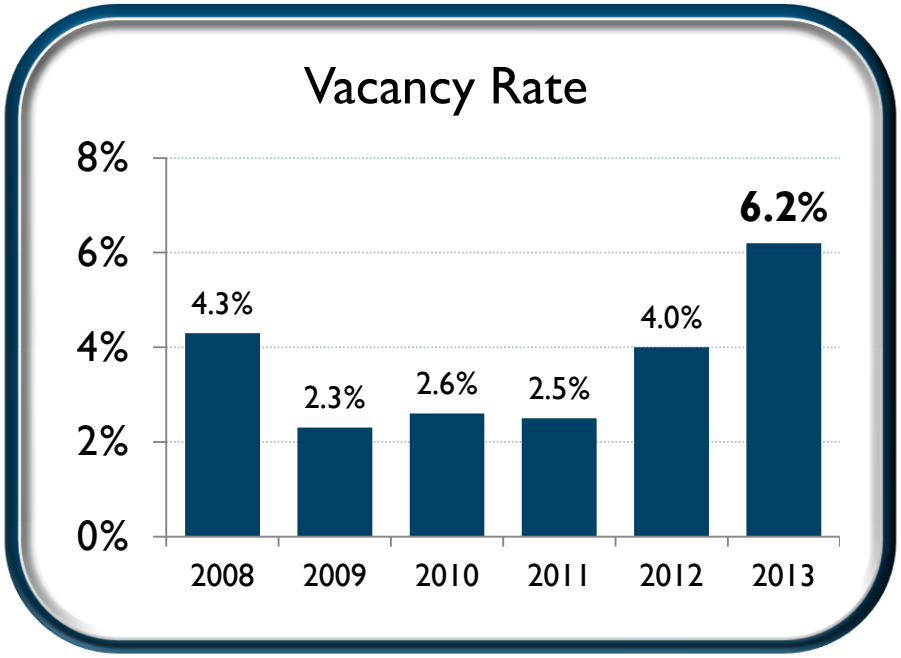
Vacancy Rate – Historical Perspective

Fredericton CA



Source: CMHC

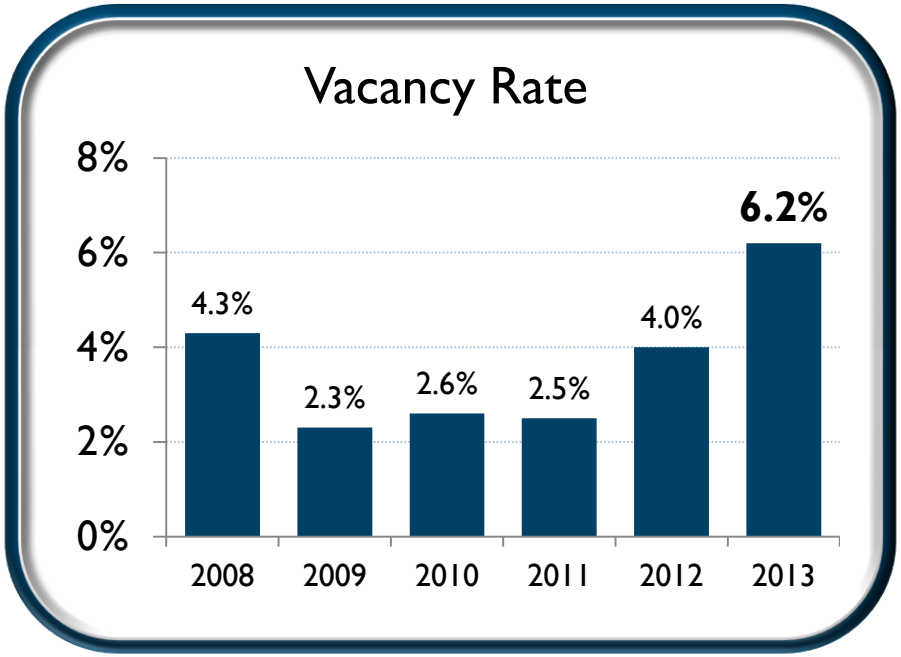
Greater Fredericton Rental Market



Why has the Vacancy Rate Increased?

Source: CMHC

Greater Fredericton Rental Market

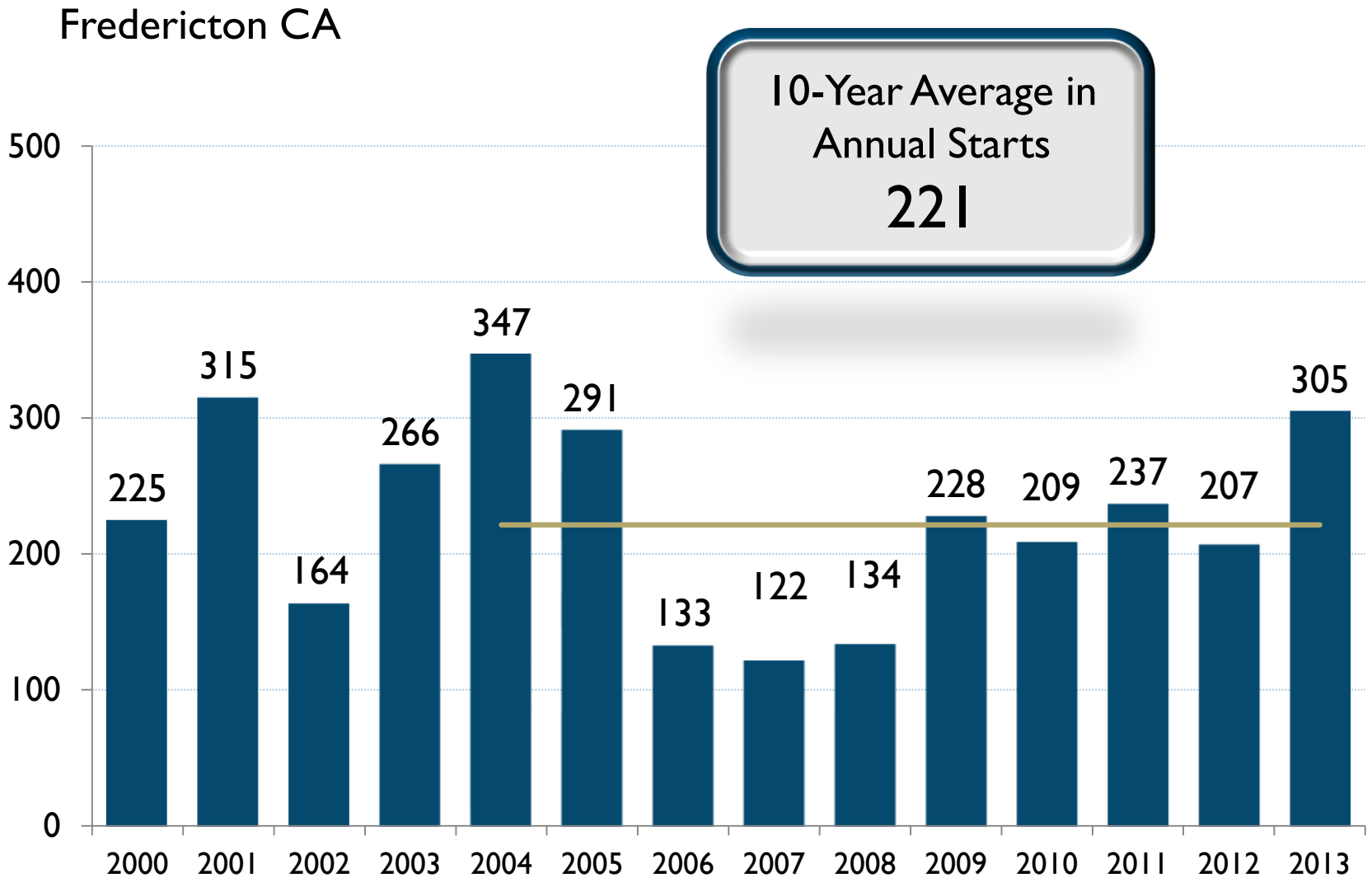


Why has the Vacancy Rate Increased?

- Above-Average Construction Activity

Source: CMHC

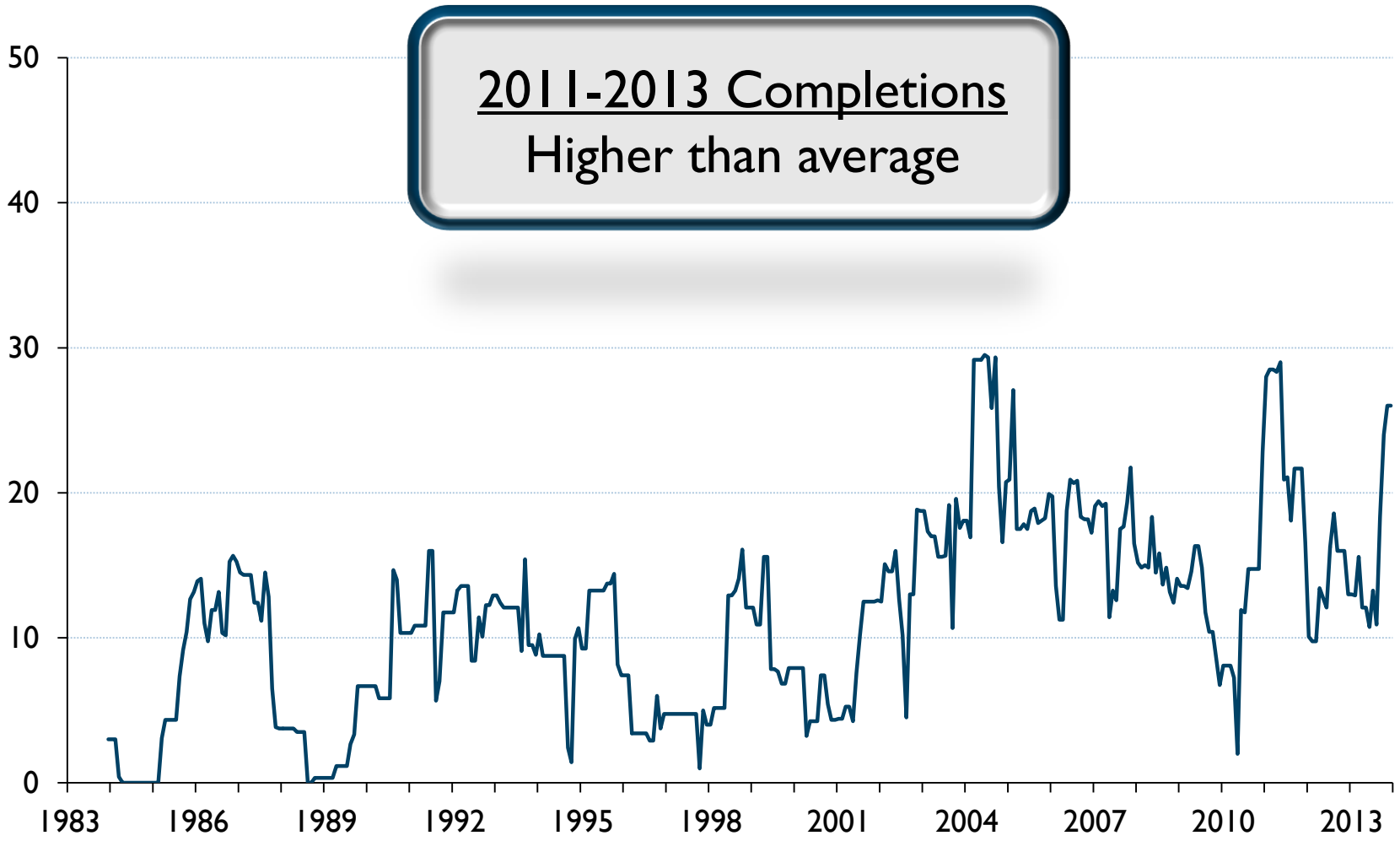
Rental Starts



Source: CMHC

Apartment Completions – Historical Perspective

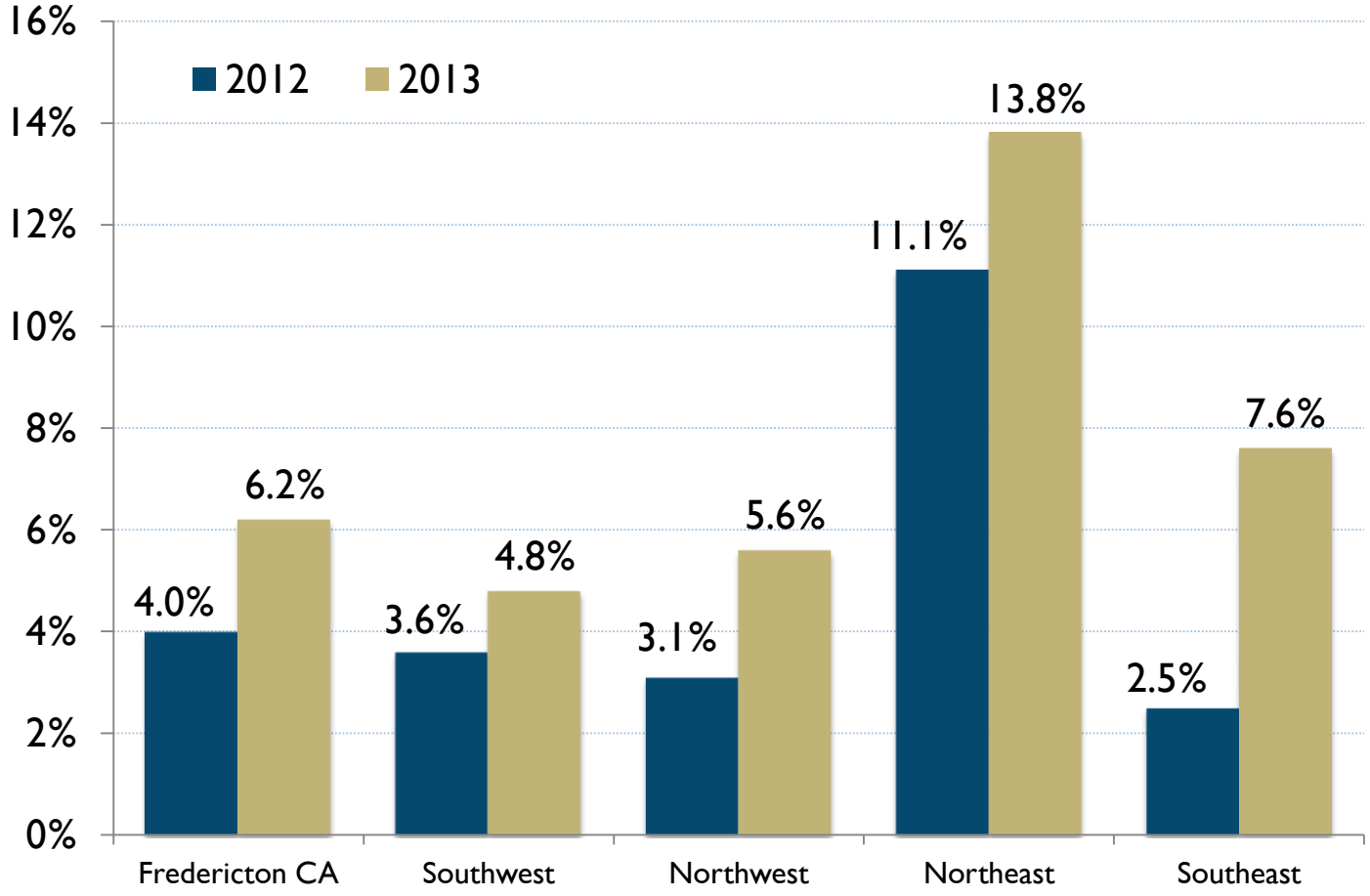
Fredericton CA



Source: CMHC

Vacancy Rate by Submarket

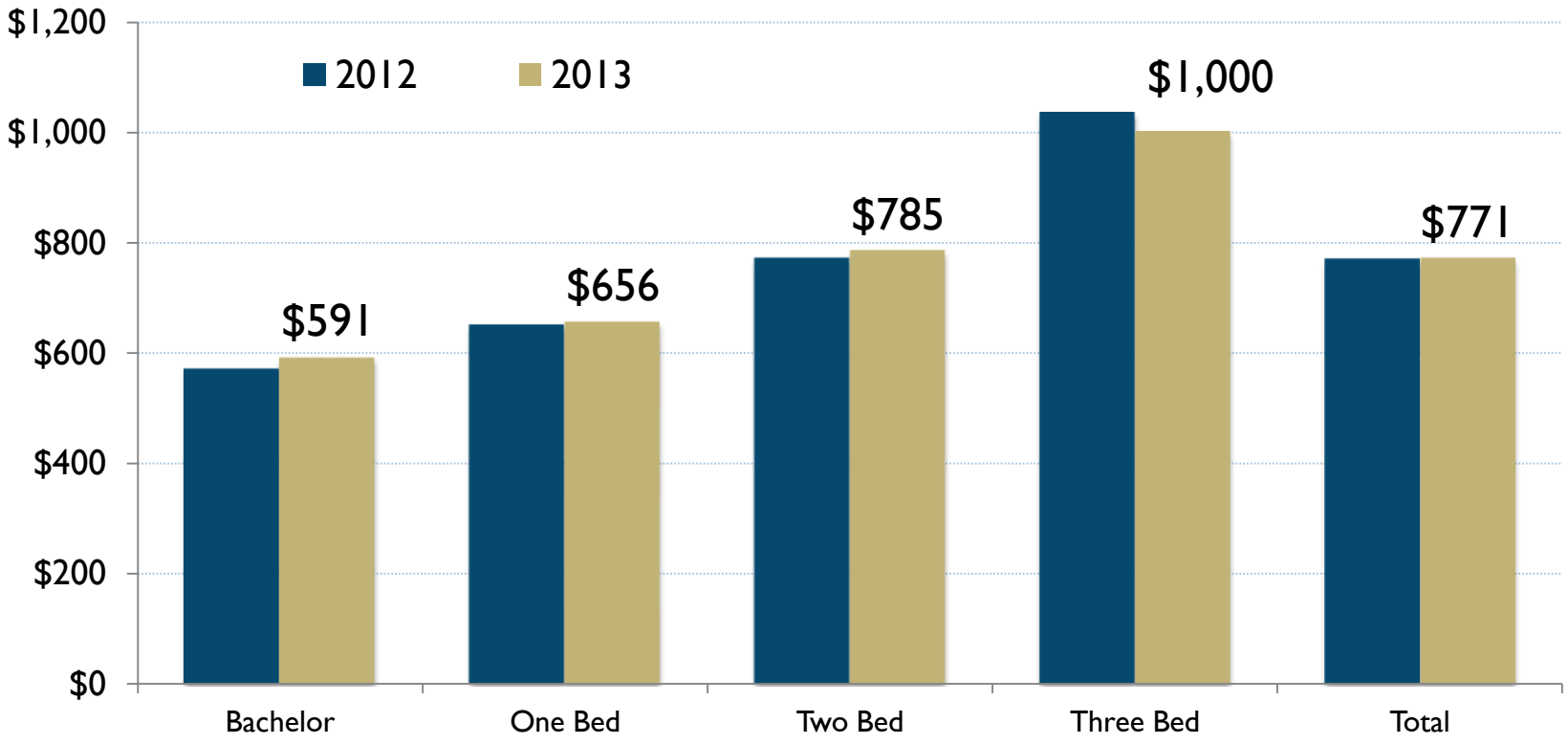
Fredericton CA



Source: CMHC

Private Apartment Average Rent ($) by Unit Type

Fredericton CA



Estimate of Average Rent Change[1] – Oct 2012 to Oct 2013

Two Bedroom Units	Three Bedroom Units
0.8%	1.5%

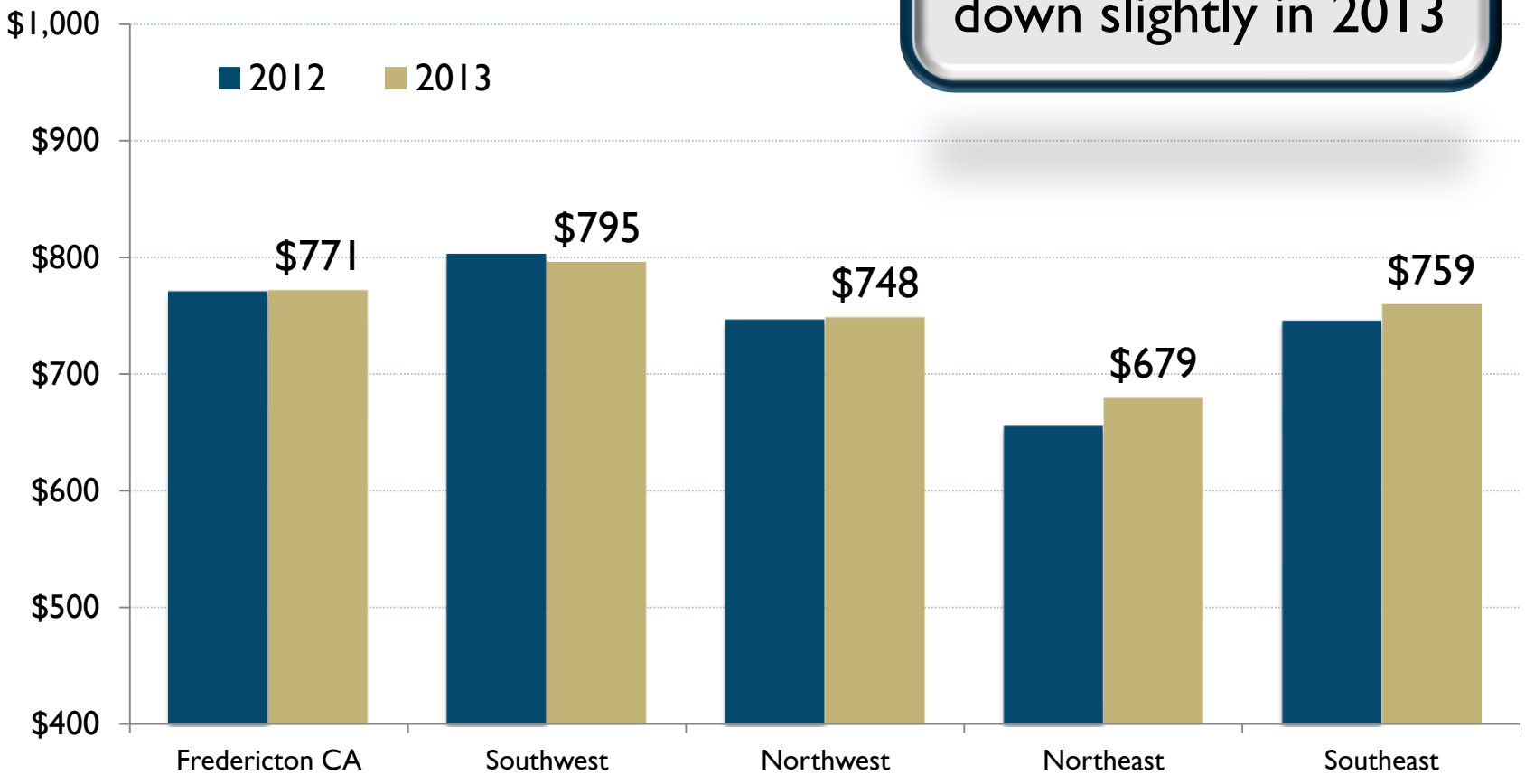
[1]The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

Source: CMHC

Private Apartment Average Rent ($) by Submarket

Fredericton CA

Average rent in the downtown core down slightly in 2013



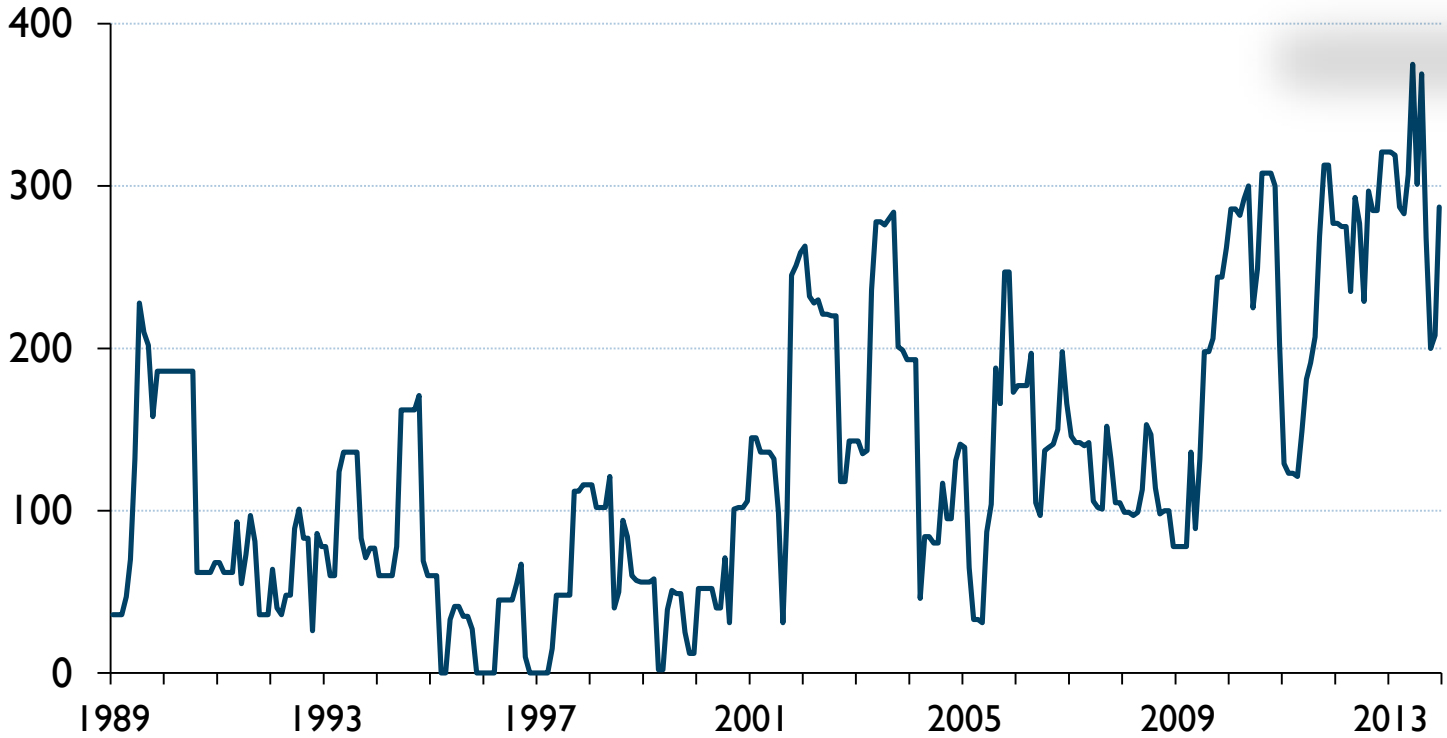
Source: CMHC

Apartments Under Construction

Fredericton CA

- 294 Units under construction in December 2013
- 4.1% of the 2013 Rental Universe

Vacancy Rate to remain high in historical terms



Source: CMHC

2014 Outlook

Rental Market				
Fredericton CA	2013	2014F	% Change	2015F
Vacancy Rate	6.2%	7.0%	0.8 pts	6.5%
Average Rent (Two Bedroom)	$785	$795	+ 1%	$815

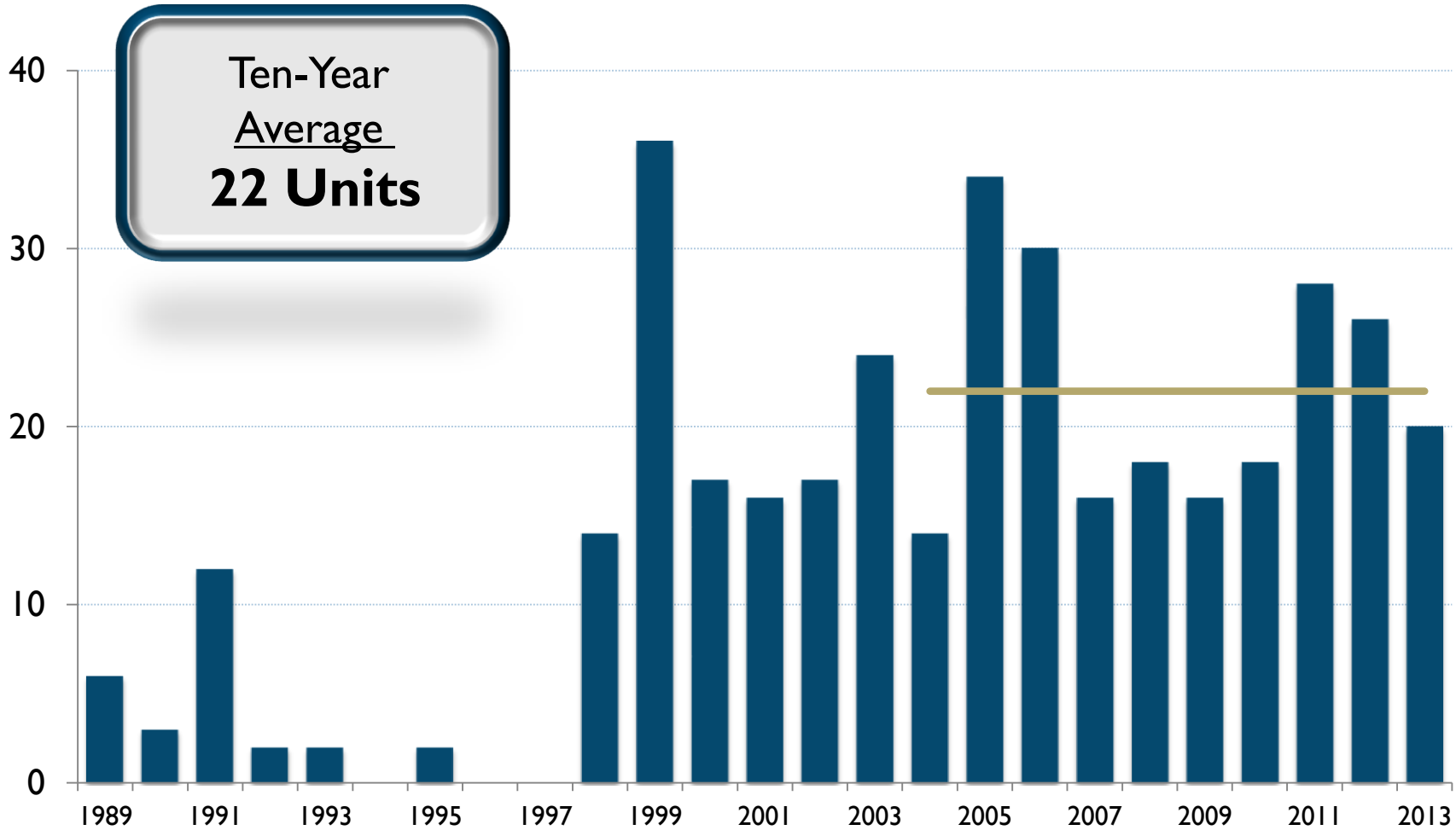
Historically high number of apartment units under construction and reduced demand due to rising out-migration/declining employment

- Further increase in the vacancy rate expected in 2014
- Expected rent increase in 2014 will range between 1.0% and 1.5%

Source and Forecast: CMHC

Semi-Detached Starts – Historical Perspective

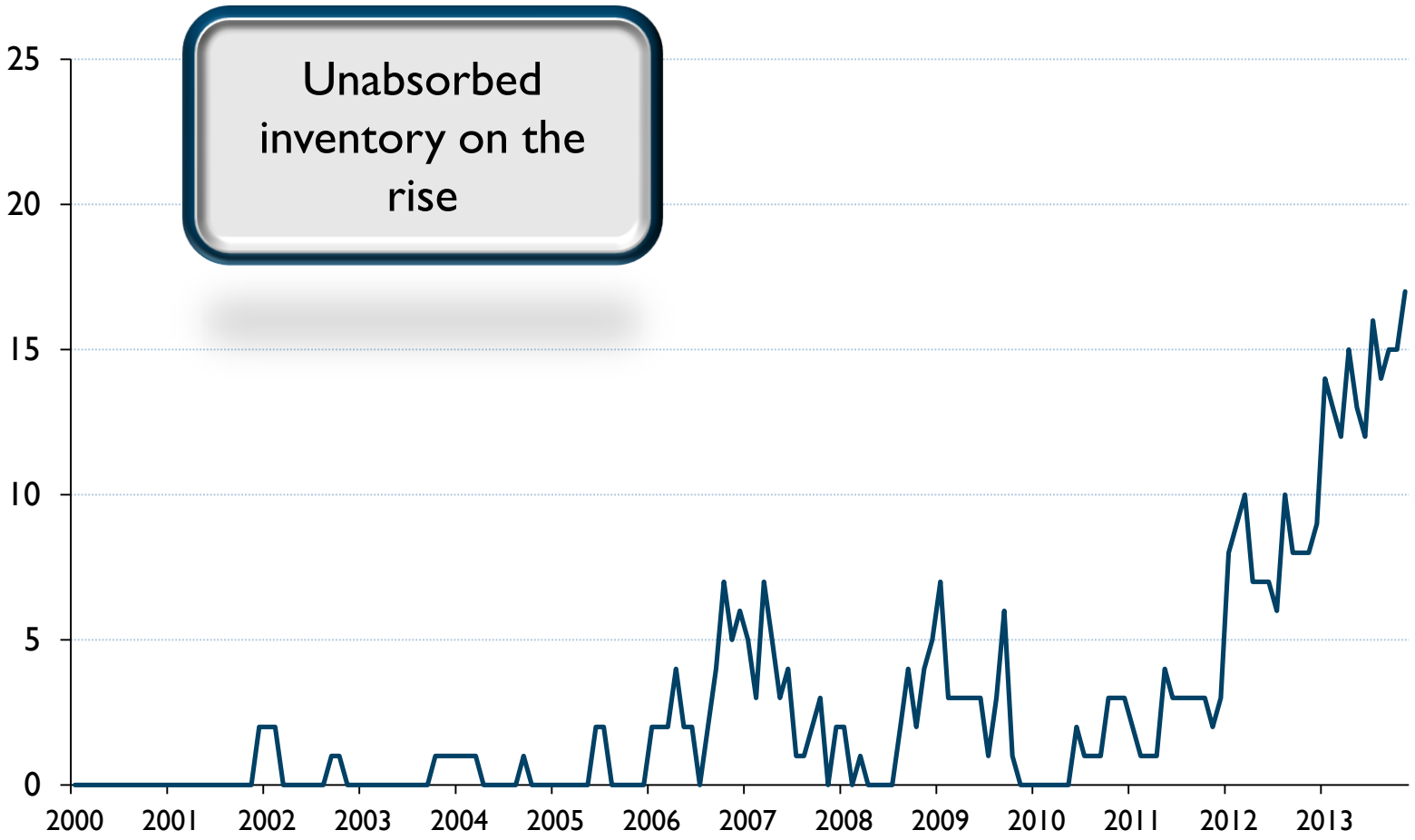
Fredericton CA



Source: CMHC

Semi-Detached Units - Completed and Unabsorbed Monthly

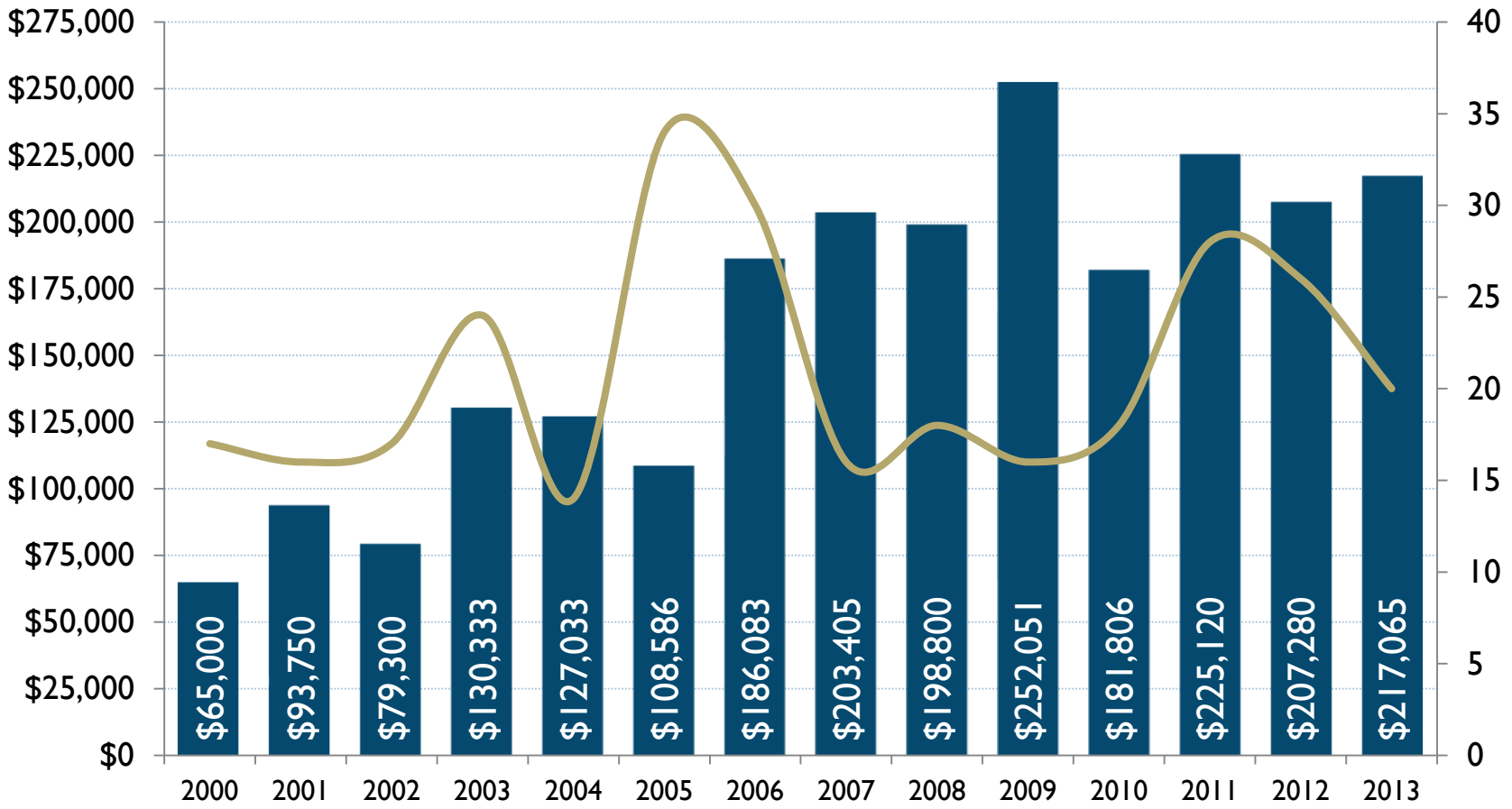
Fredericton CA



Source: CMHC

Semi-Detached – Average Annual New Home Price vs. Starts

Fredericton CA

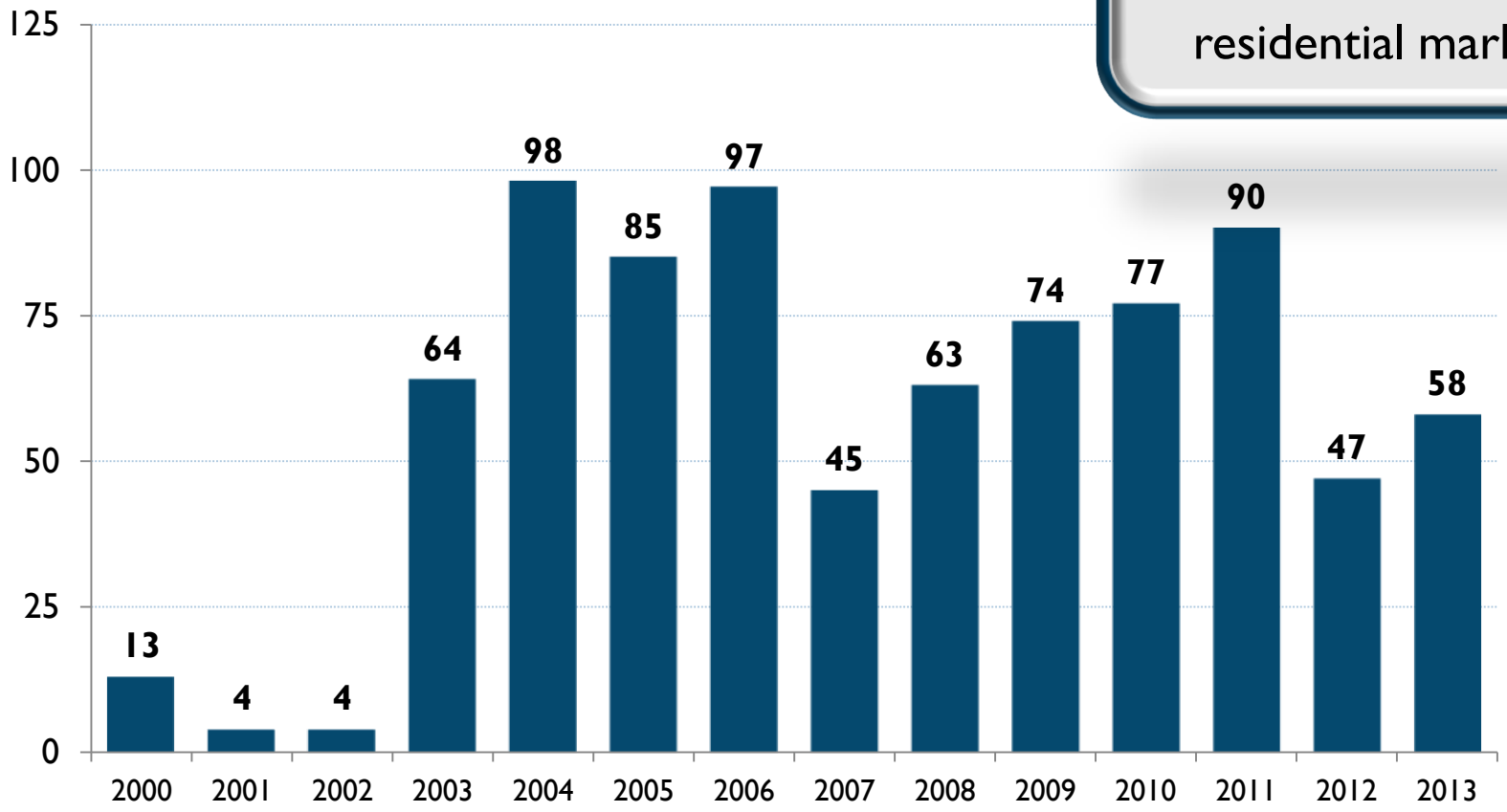


Source: CMHC

Row Starts - Annual

Fredericton CA

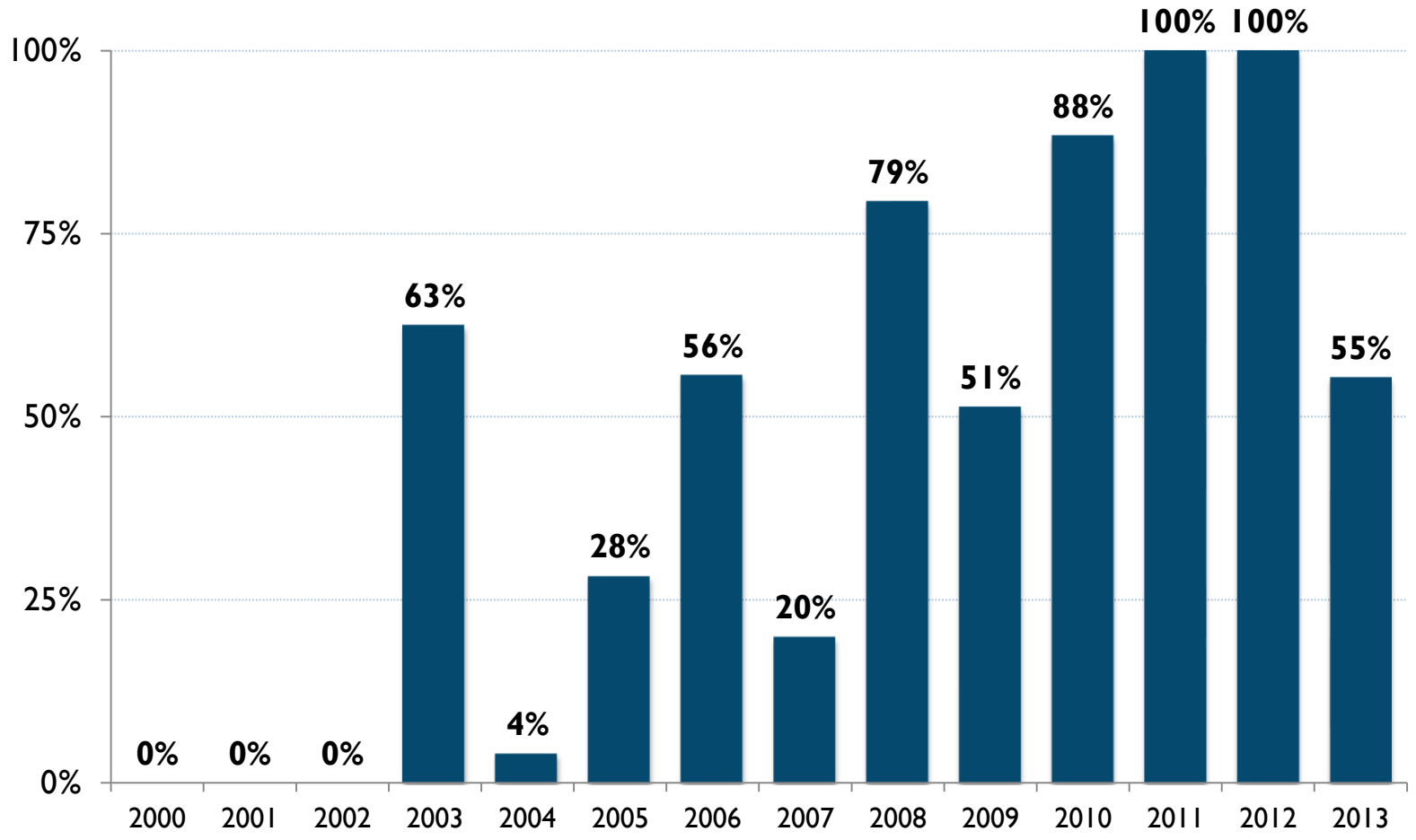
Row starts continue to maintain a significant share of the multi-residential market



Source: CMHC

Percentage of Row Starts for Homeownership

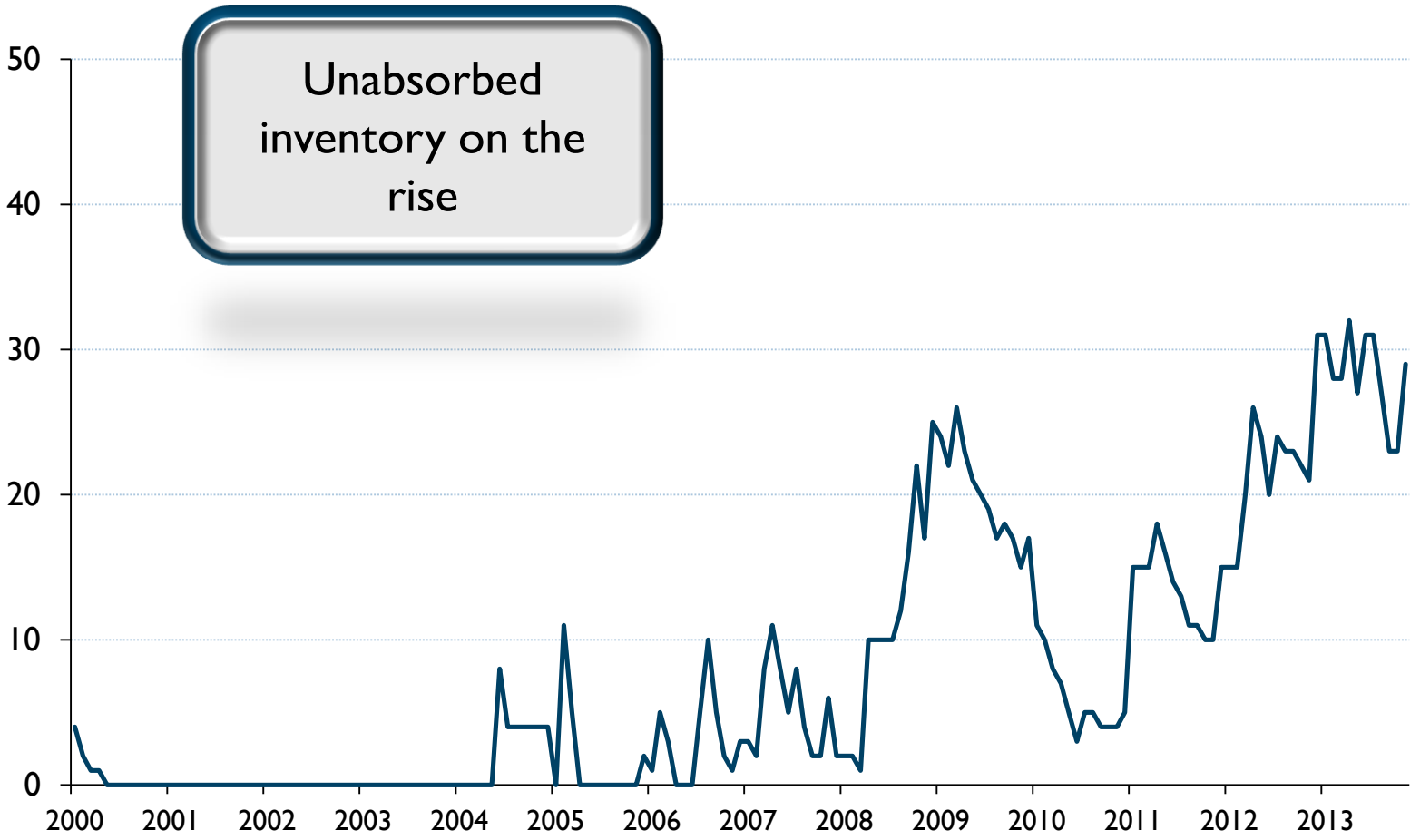
Fredericton CA



Source: CMHC

Row Units - Completed and Unabsorbed Monthly

Fredericton CA

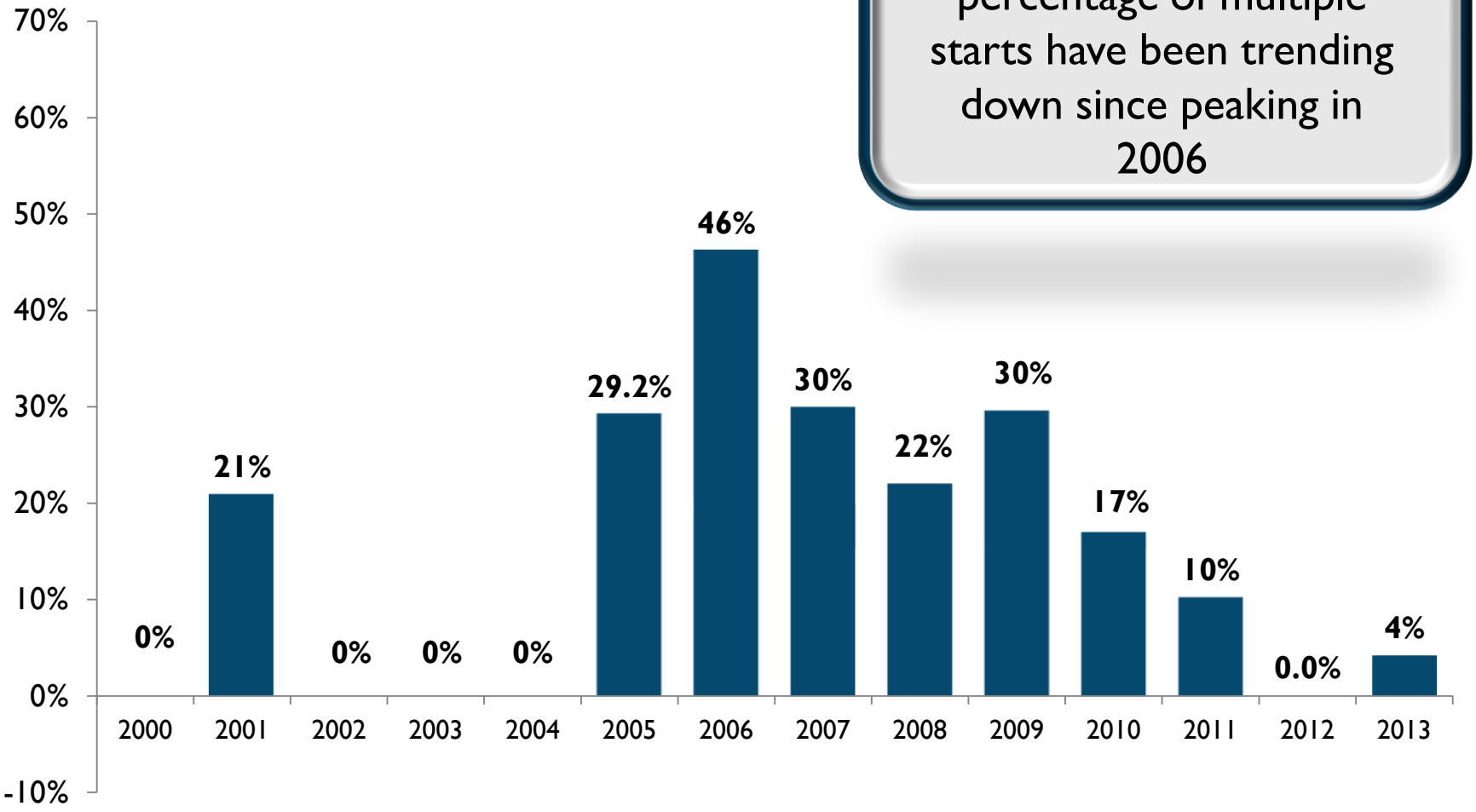


Source: CMHC

Condominium Starts as a Percentage of Multiple Starts

Fredericton CA

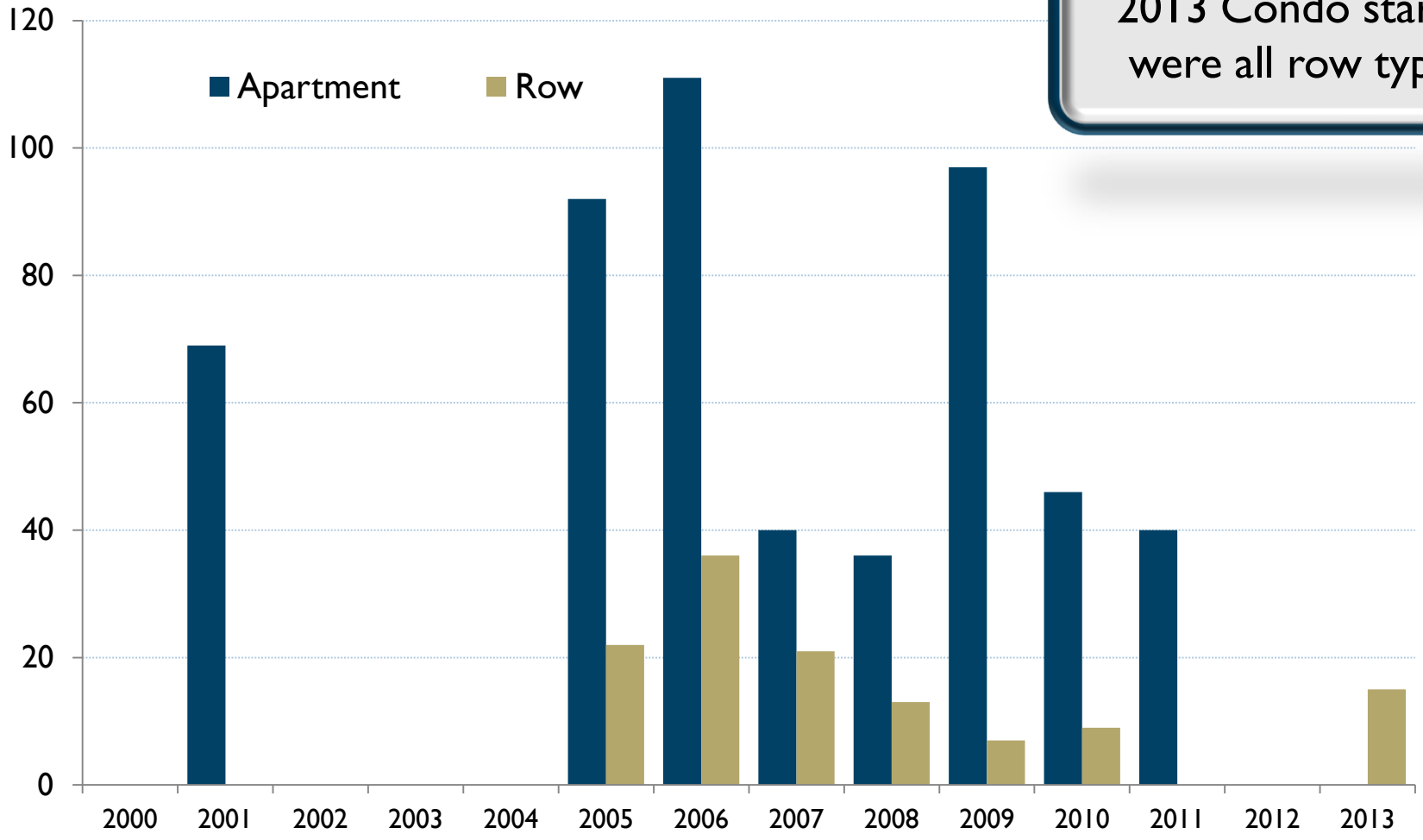
Condominium starts as a percentage of multiple starts have been trending down since peaking in 2006



Source: CMHC

Condominium Starts by Type

Fredericton CA



2013 Condo starts were all row type

Source: CMHC

2014 Outlook

Multiple Starts				
Fredericton CA	2013	2014F	% Change	2015F
Multiple Starts	355	260	- 27%	220

- Significant increase in the rental inventory will put upward pressure on the local vacancy rate leading to reduced apartment starts

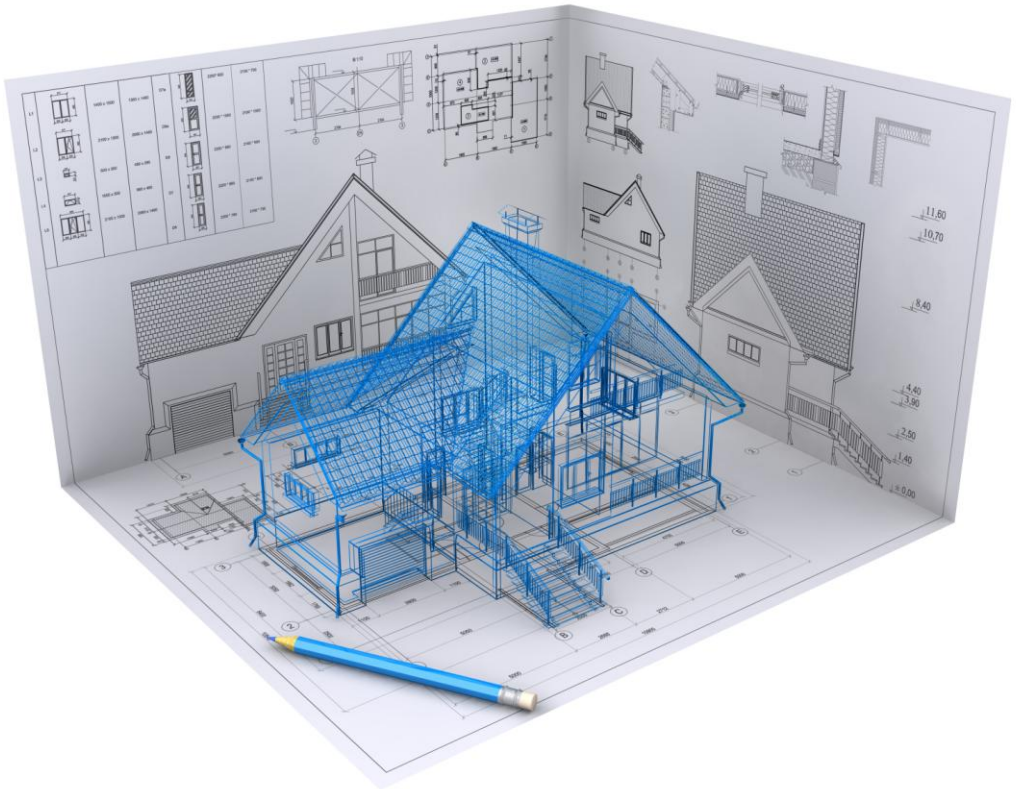
- Semi-detached starts expected to remain stable

Source and Forecast: CMHC

Housing Market Drivers

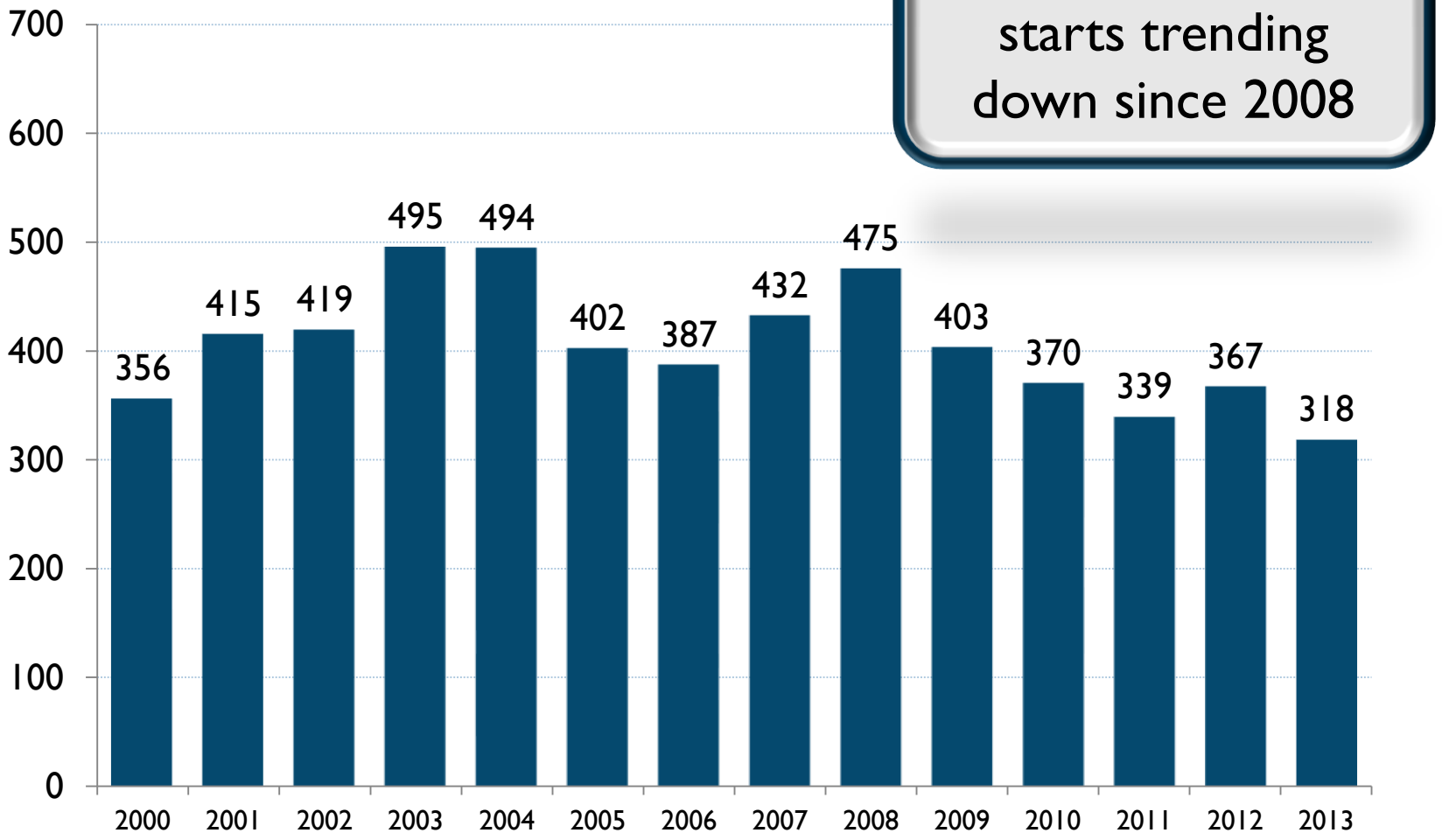
Multi-Residential/Rental Market

New Home Market – Single Family Homes



Single-Detached Starts

Fredericton CA



Source: CMHC

Why the declining trend?

Why the declining trend in single-detached construction?

Price

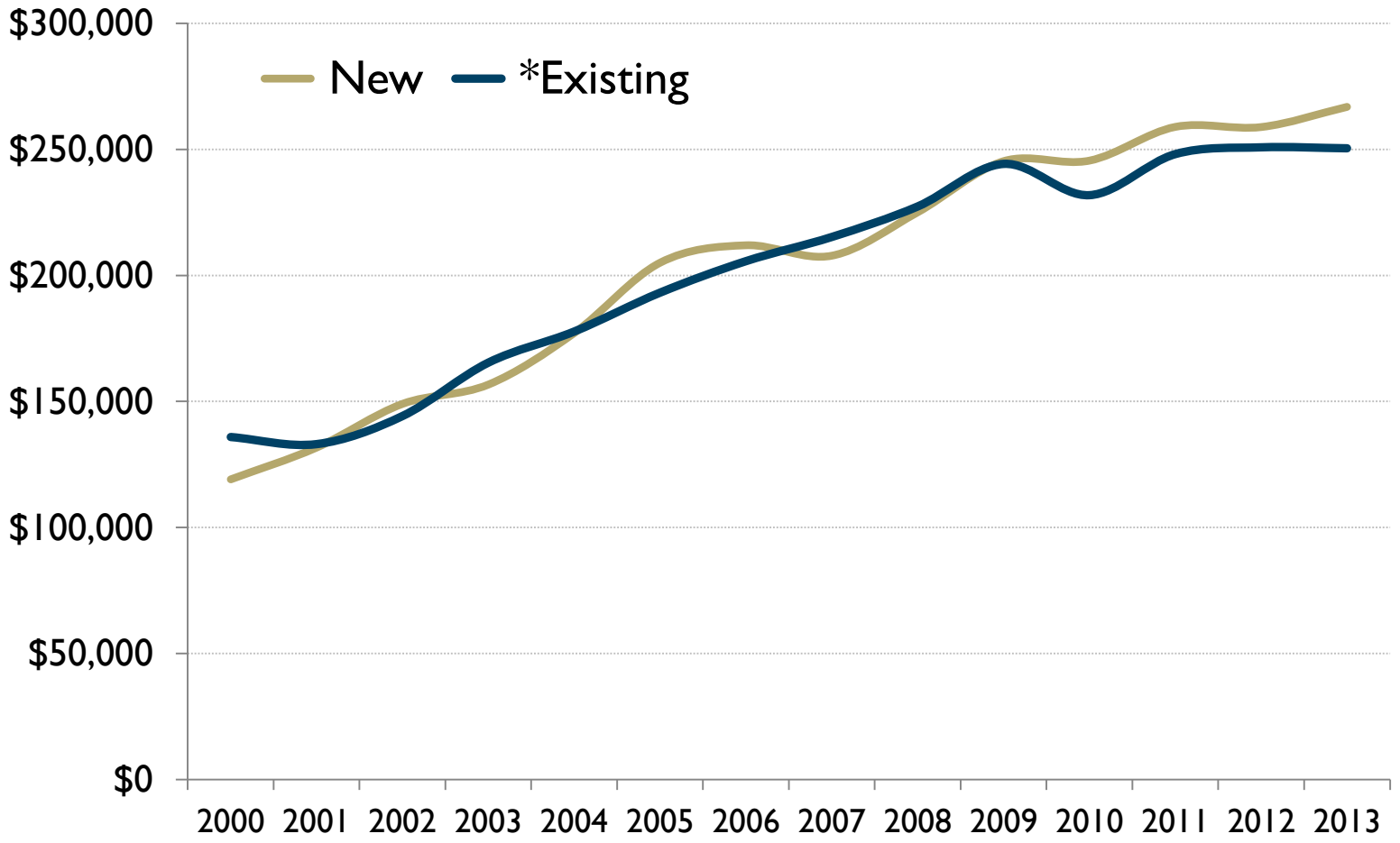
Reduced Demand

Widening Gap between average new home and existing home

Re-balancing of Supply/Demand

Single-Detached Average Price – New vs. Existing

Fredericton CA

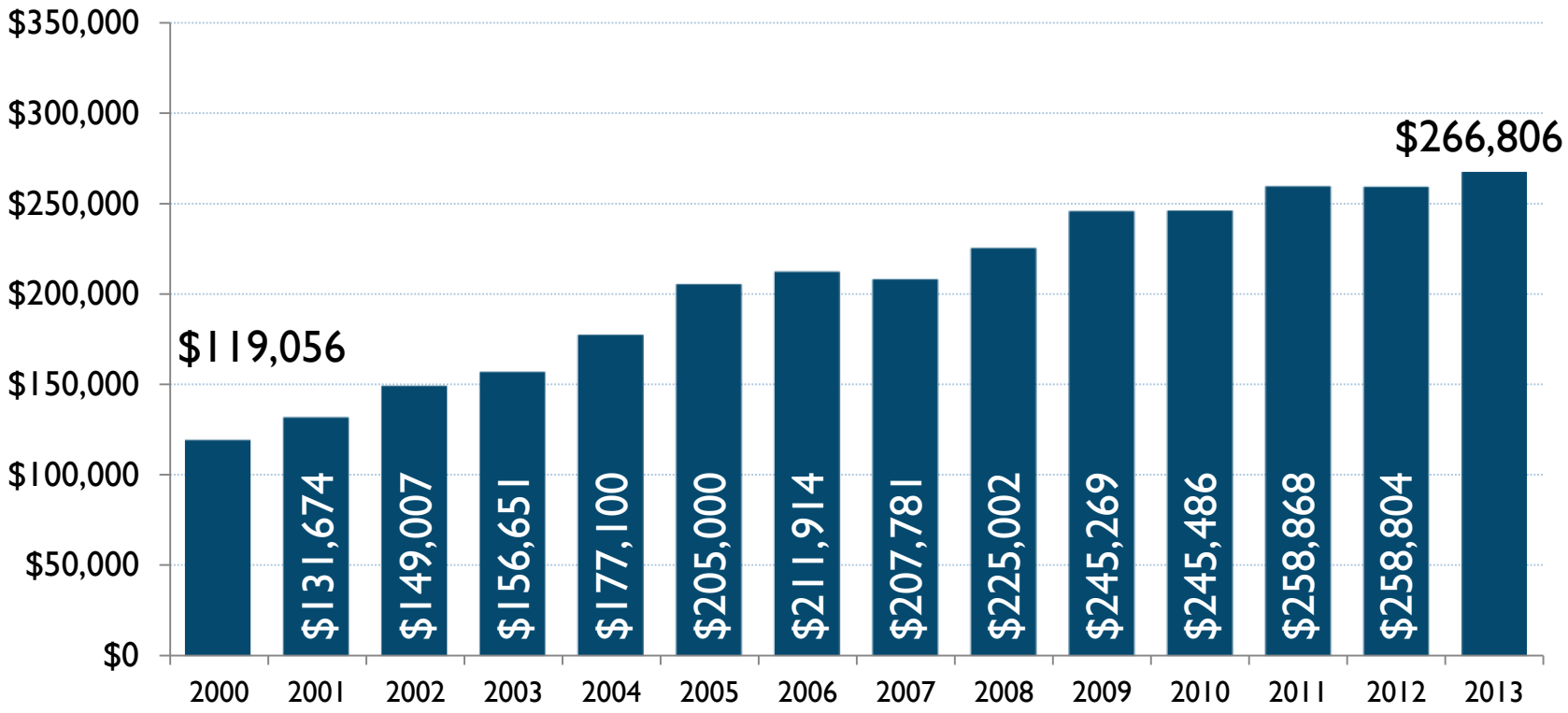


**Existing Homes = Single-Detached, 0-5 years old*

Source: CMHC/The Real Estate Board of the Fredericton Area Inc.

Average New Home Price

Fredericton CA



Annual Increase
10 Year Average + 5.6%

Average Two Storey
$323,738

Source: CMHC

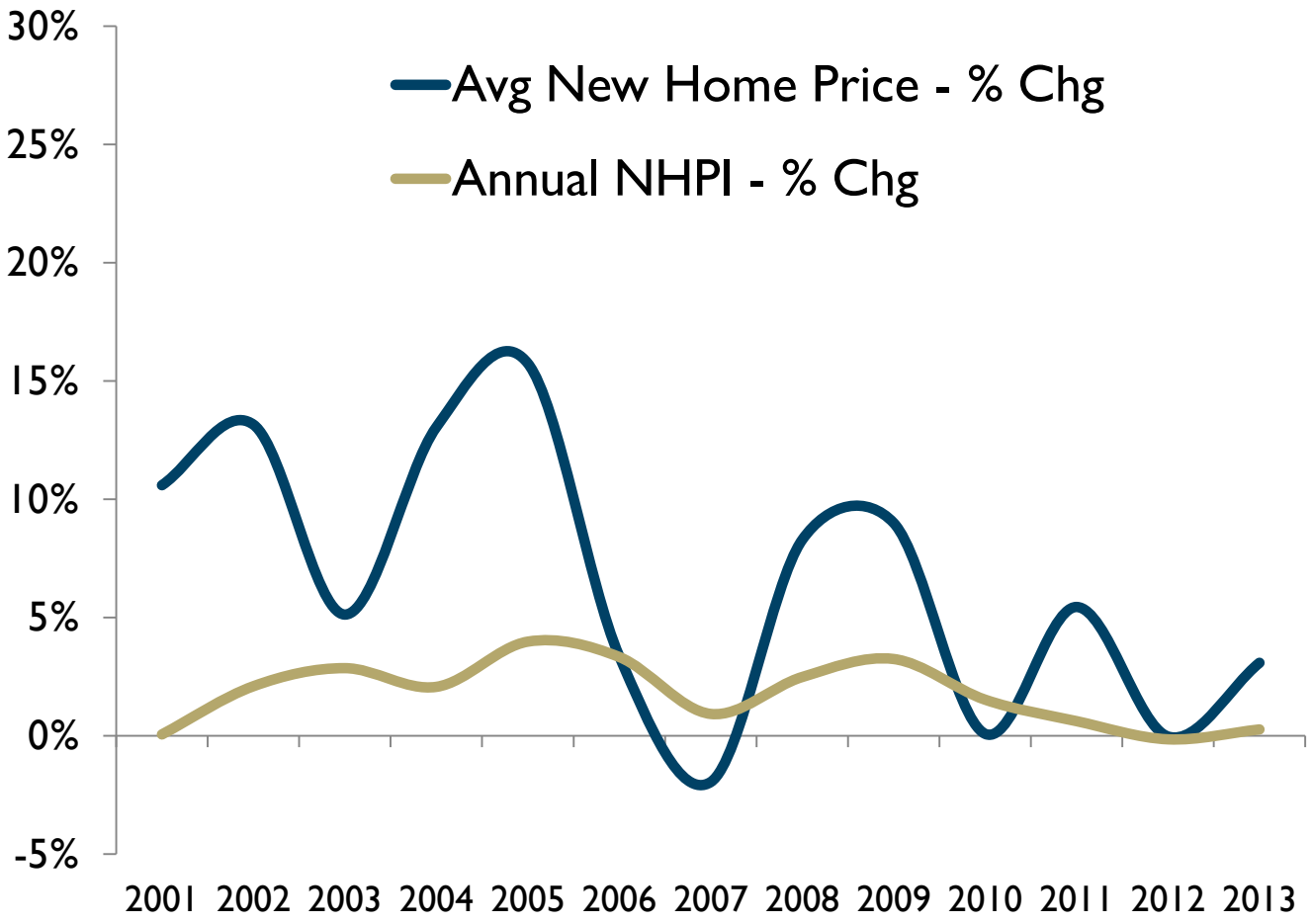
Average New Home Price vs. New Home Price Index

Fredericton CA

New Home Price

Between 2001 and 2013, the increase in new home price exceeded the annual NHPI

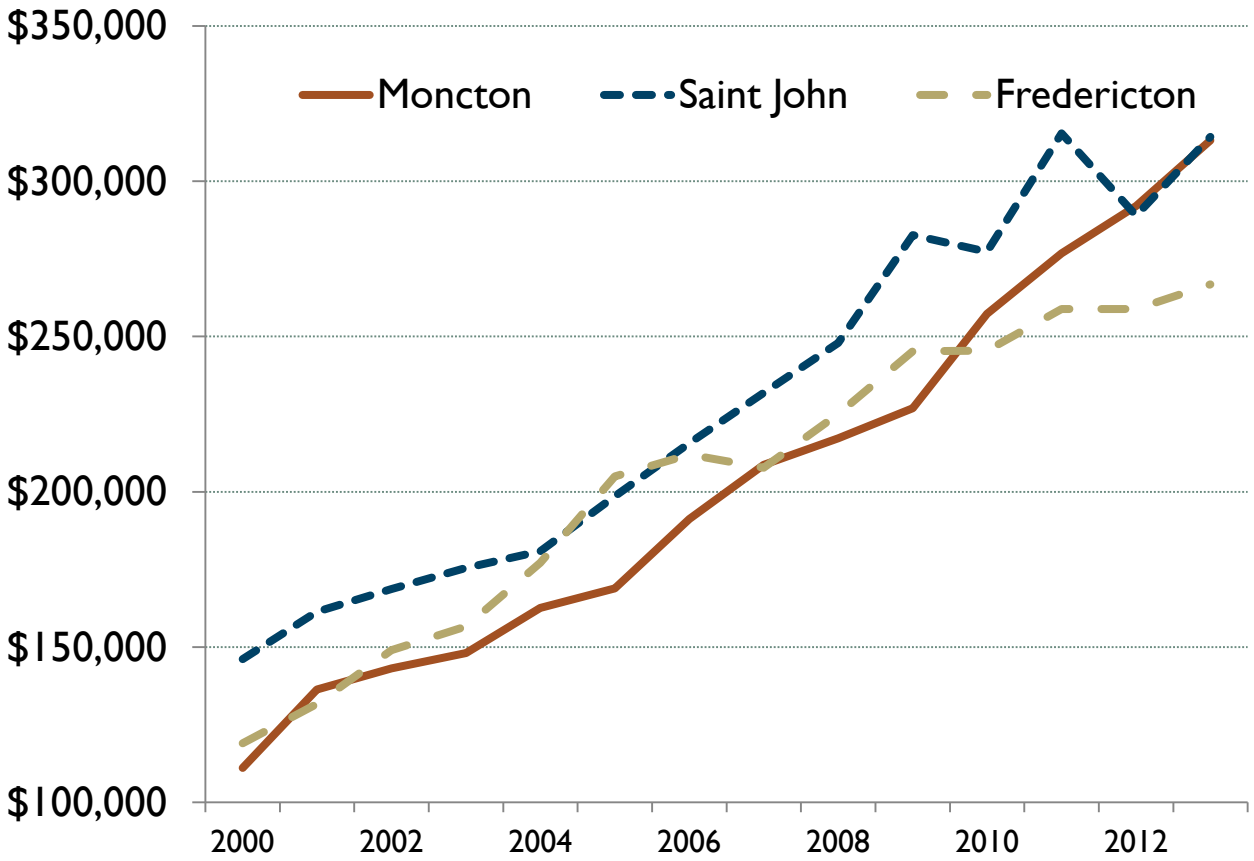
The increase in the new home price has been driven largely by consumer preferences



Source: CMHC/Statistics Canada

Average New Home Price

Fredericton CA



Average Annual Change in New Home Price 2010-2013

Moncton
+ 8.4 %

Fredericton
+ 2.2 %

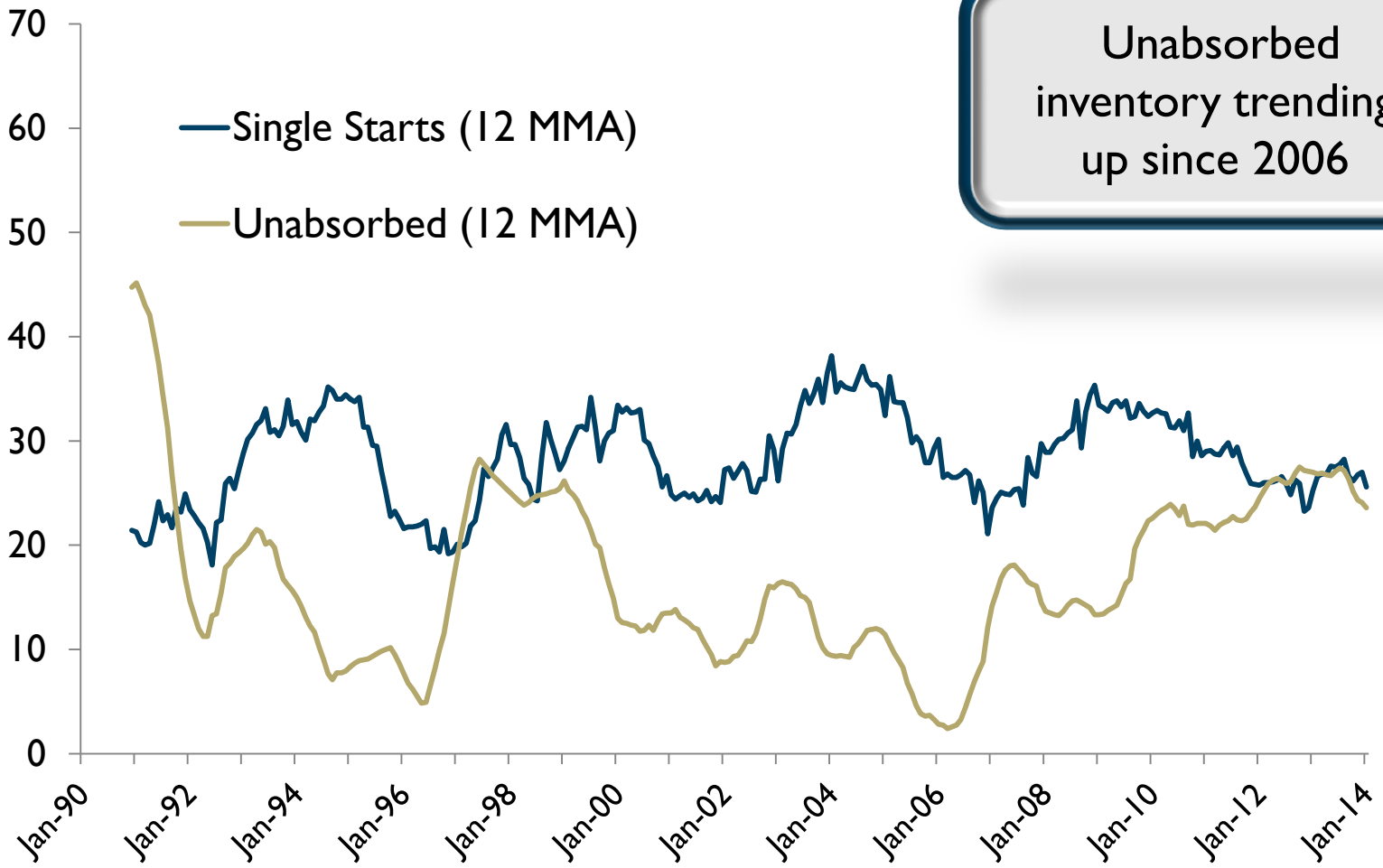
Saint John
+ 3.1 %

Saint John posted the highest average price in 2013

Source: CMHC

Single-Starts and Unabsorbed Single-Detached Units

Fredericton CA

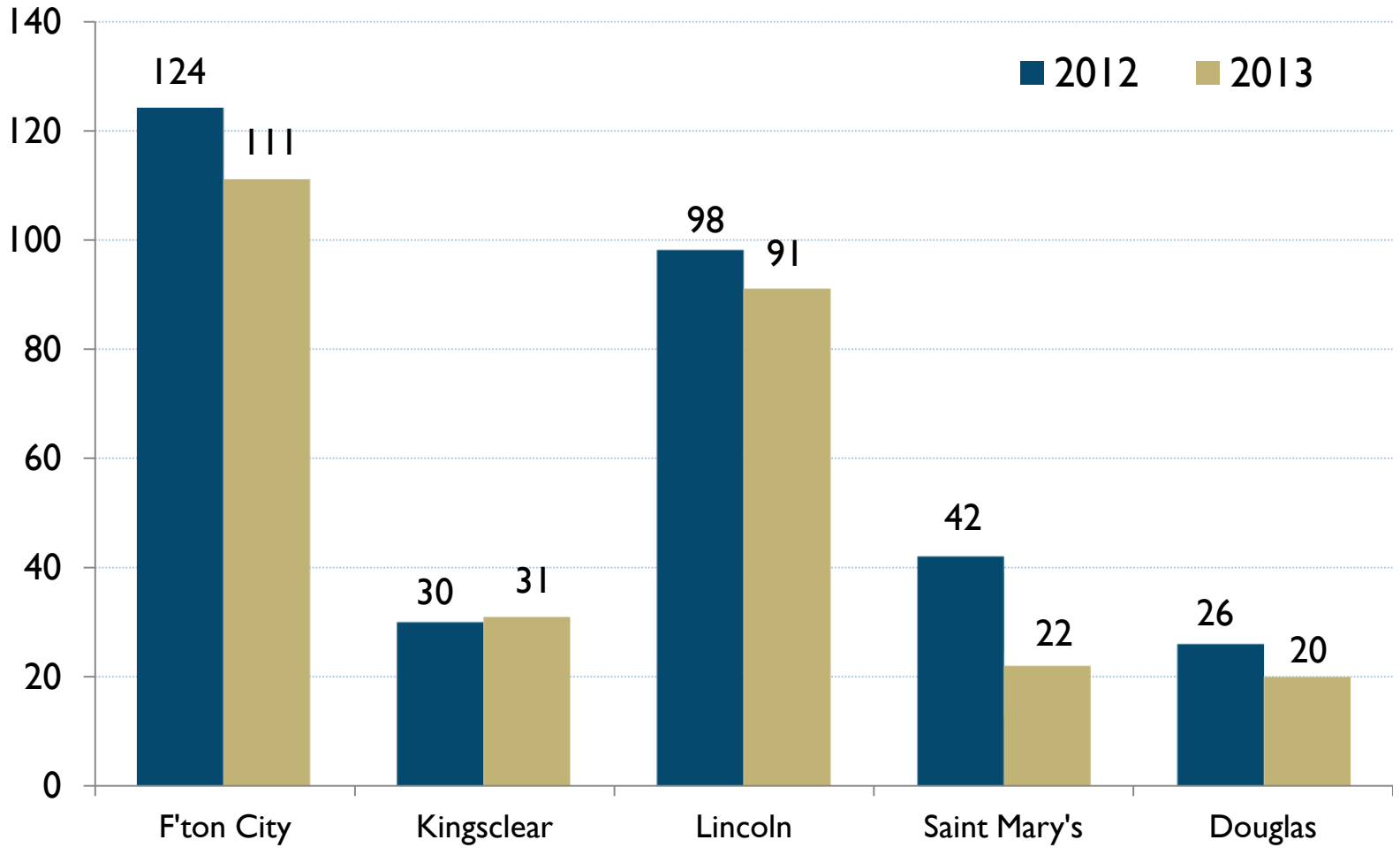


Unabsorbed inventory trending up since 2006

Source: CMHC

Single-Detached Starts by Submarket

Fredericton CA



Source: CMHC

2014 Outlook

Single Starts				
Fredericton CA	2013	2014F	% Change	2015F
Single Starts	318	280	- 12%	260

- The average price of a new home was stable in 2013
- Reduced demand will lead to fewer starts in 2014

Source and Forecast: CMHC

Housing Market Drivers

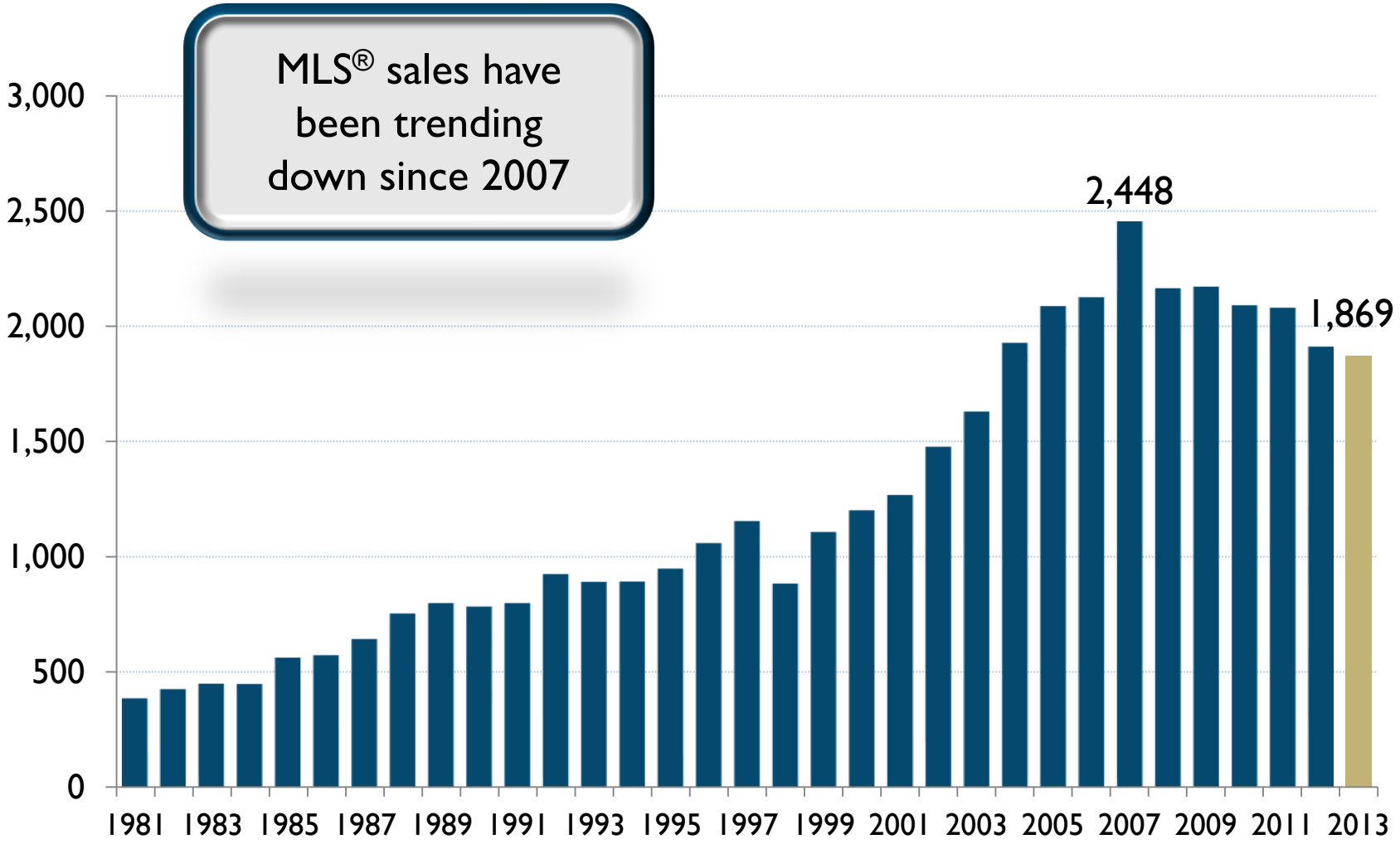
Multi-Residential/Rental Market

New Home Market – Single Family Homes

Resale Market

MLS® Unit Sales

Greater Fredericton



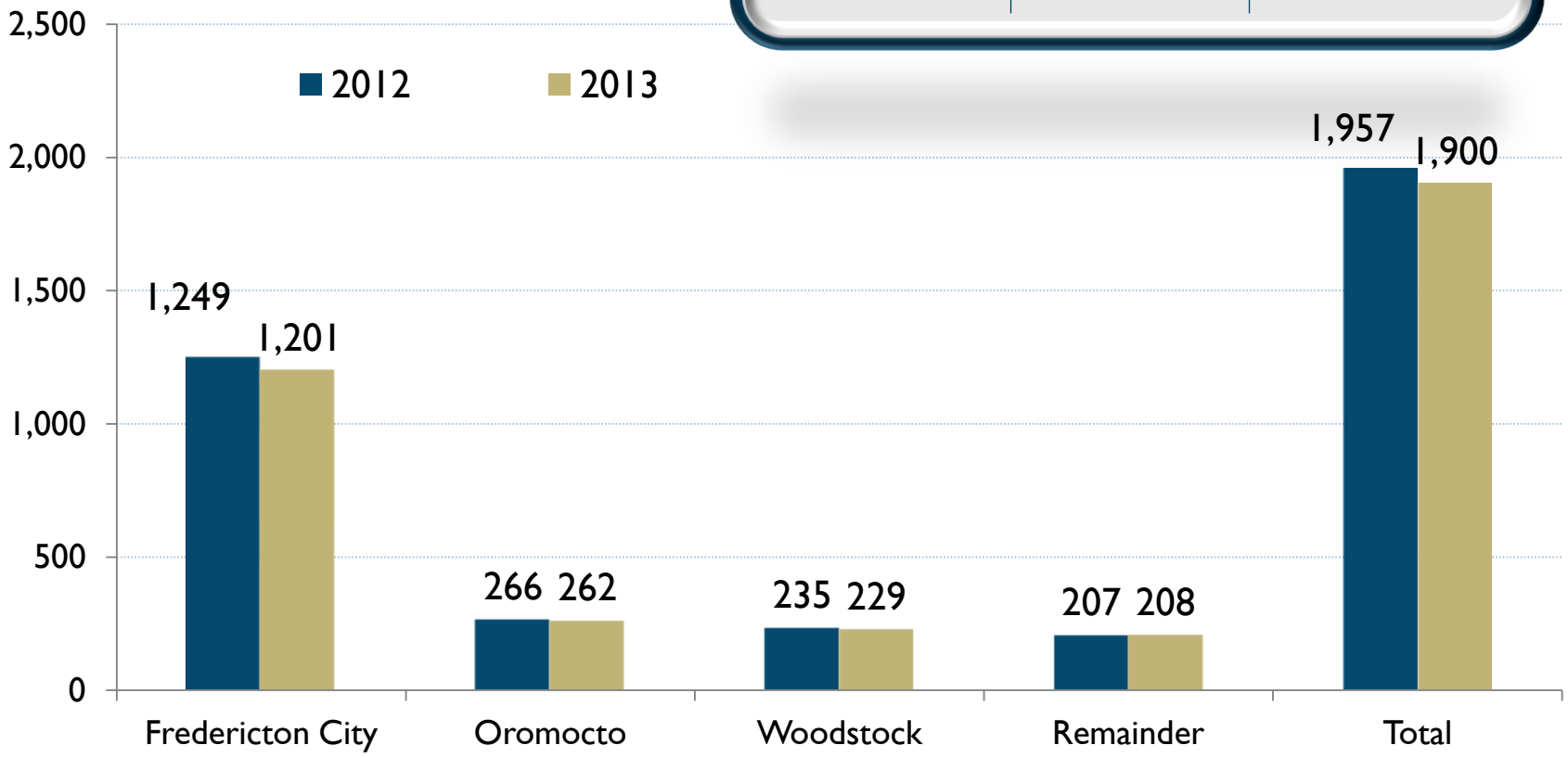
Source: CREA

MLS® is a registered trademark of the Canadian Real Estate Association

MLS® Sales by Submarket

Greater Fredericton

Fredericton City	Oromocto	Woodstock
- 3.8%	**- 1.5%**	**- 2.6%**



Source: The Real Estate Board of the Fredericton Area Inc.
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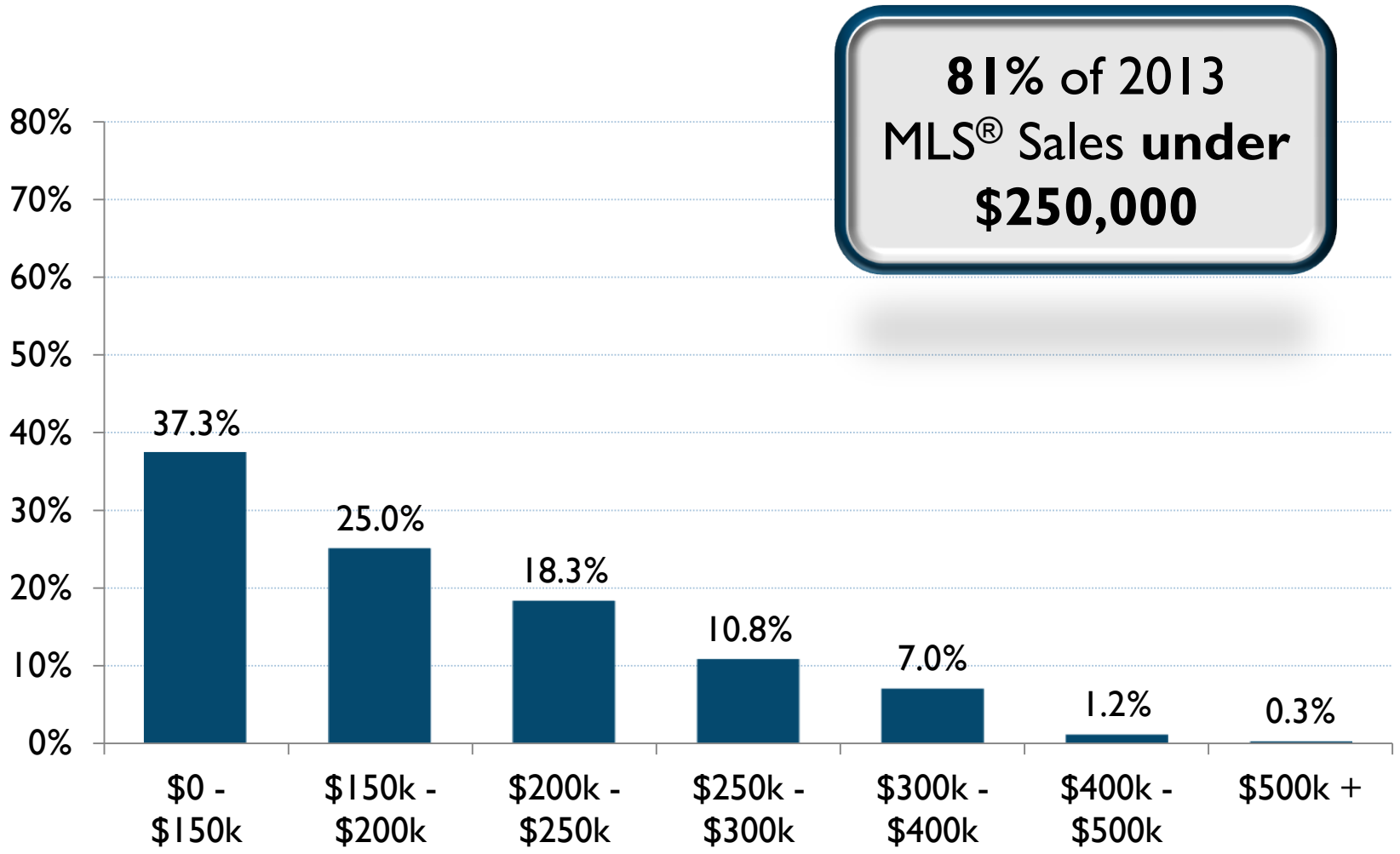
MLS® Sales by Price Range

Greater Fredericton



Source: The Real Estate Board of the Fredericton Area Inc.

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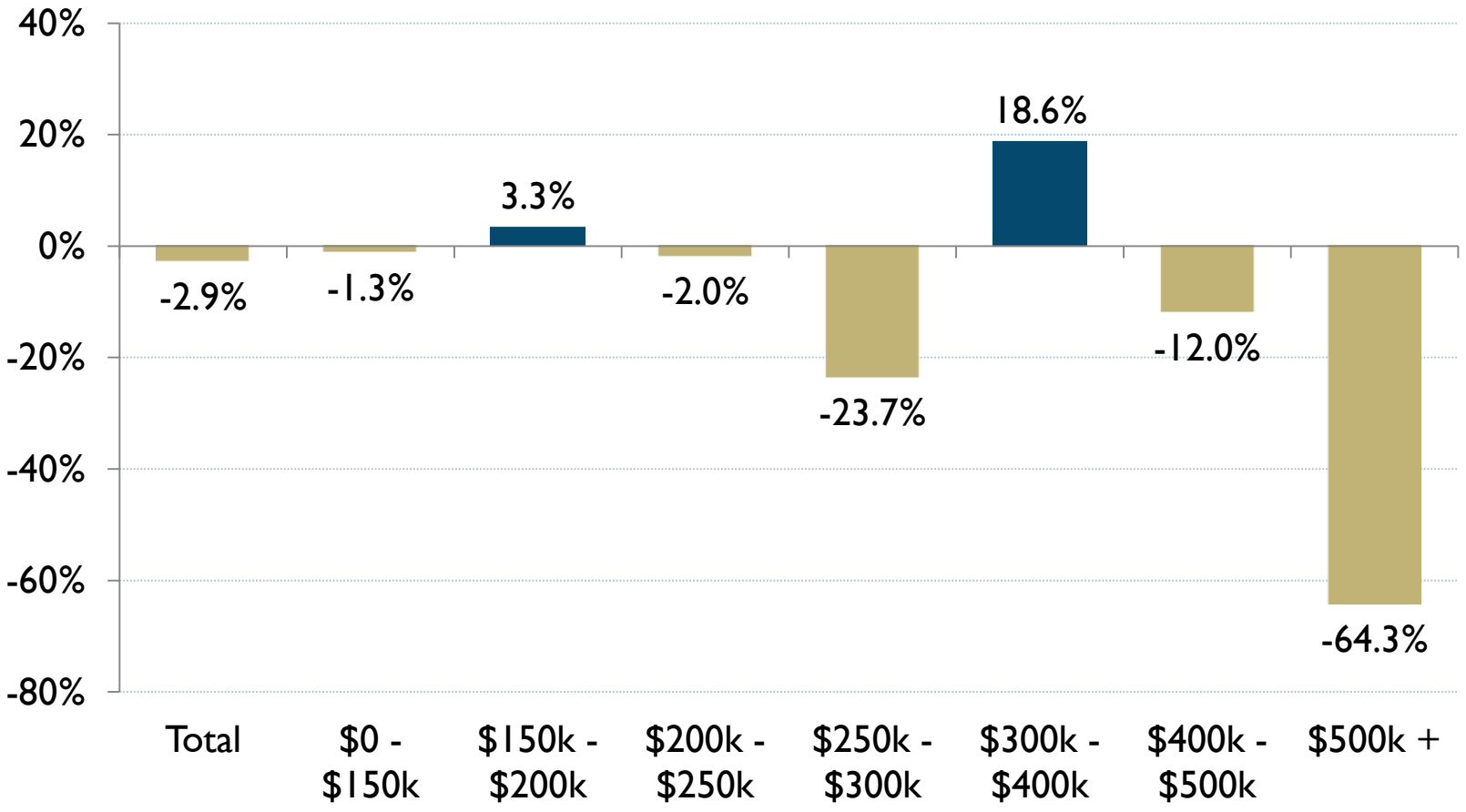
Percentage Change in MLS® Sales by Price Range

Greater Fredericton



Source: The Real Estate Board of the Fredericton Area Inc.

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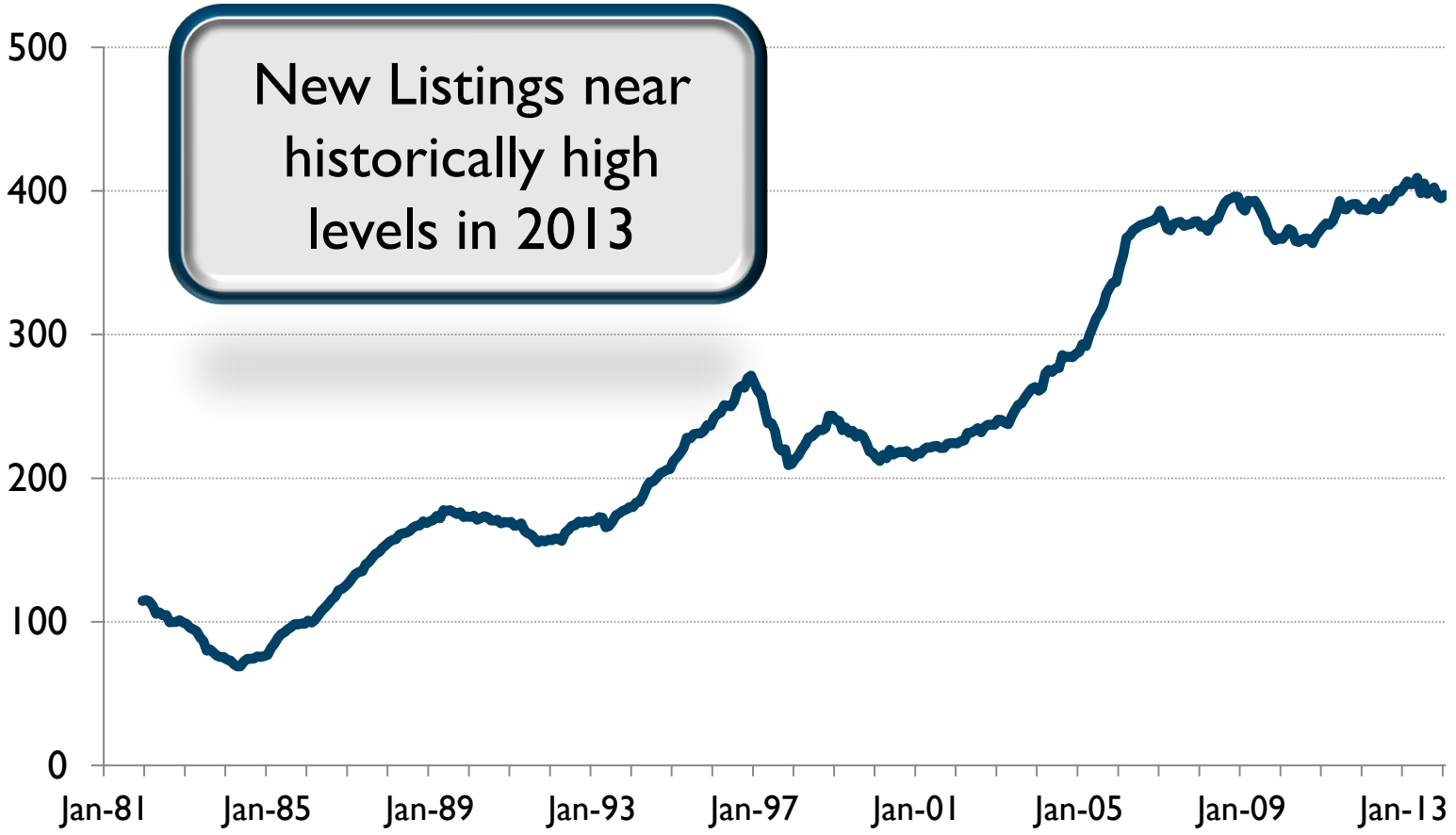
New Listings – Historical Perspective

Greater Fredericton



Source: CREA

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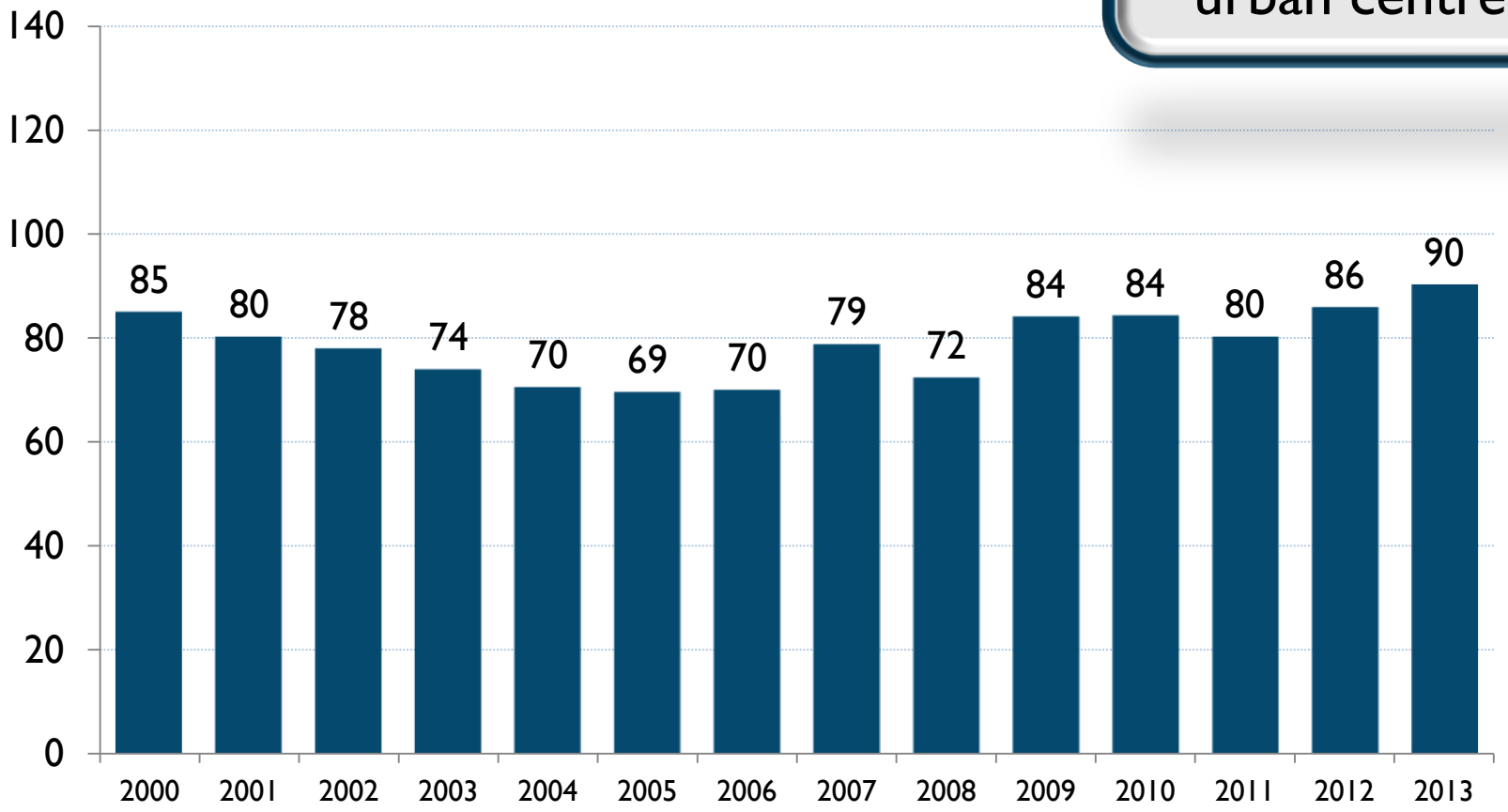
Average Days on Market

Greater Fredericton

Lowest among NB's three large urban centres



Source: The Real Estate Board of the Fredericton Area Inc.

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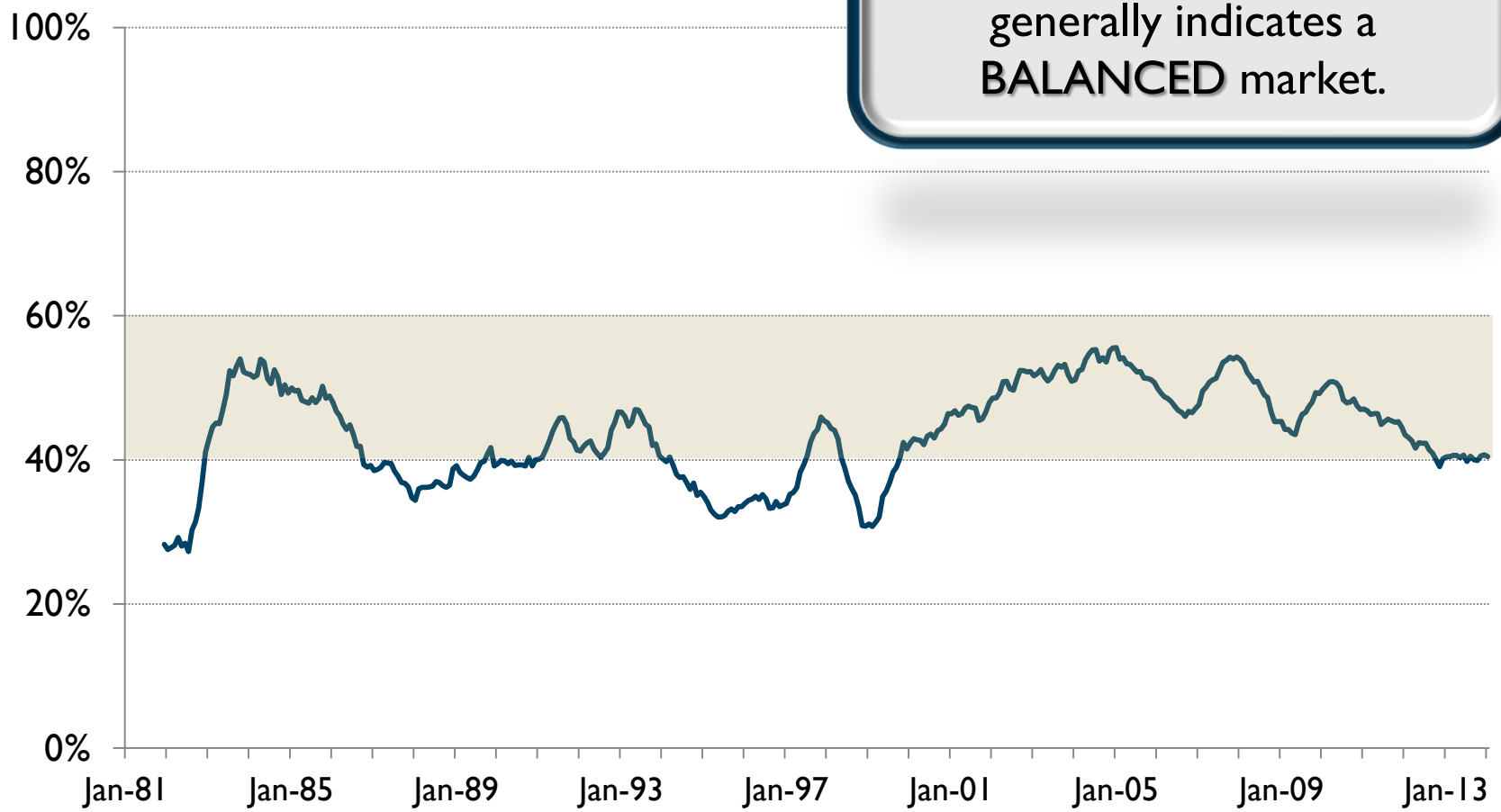
Sales to New Listings Ratio

Greater Fredericton

A sales to new-listings ratio between 40% and 60% generally indicates a BALANCED market.



Source: CREA

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Average MLS® Sale Price

Greater Fredericton

2012 Average MLS® Sale Price	2013 Average MLS® Sale Price
$180,485	**$178,402**

Source: CREA

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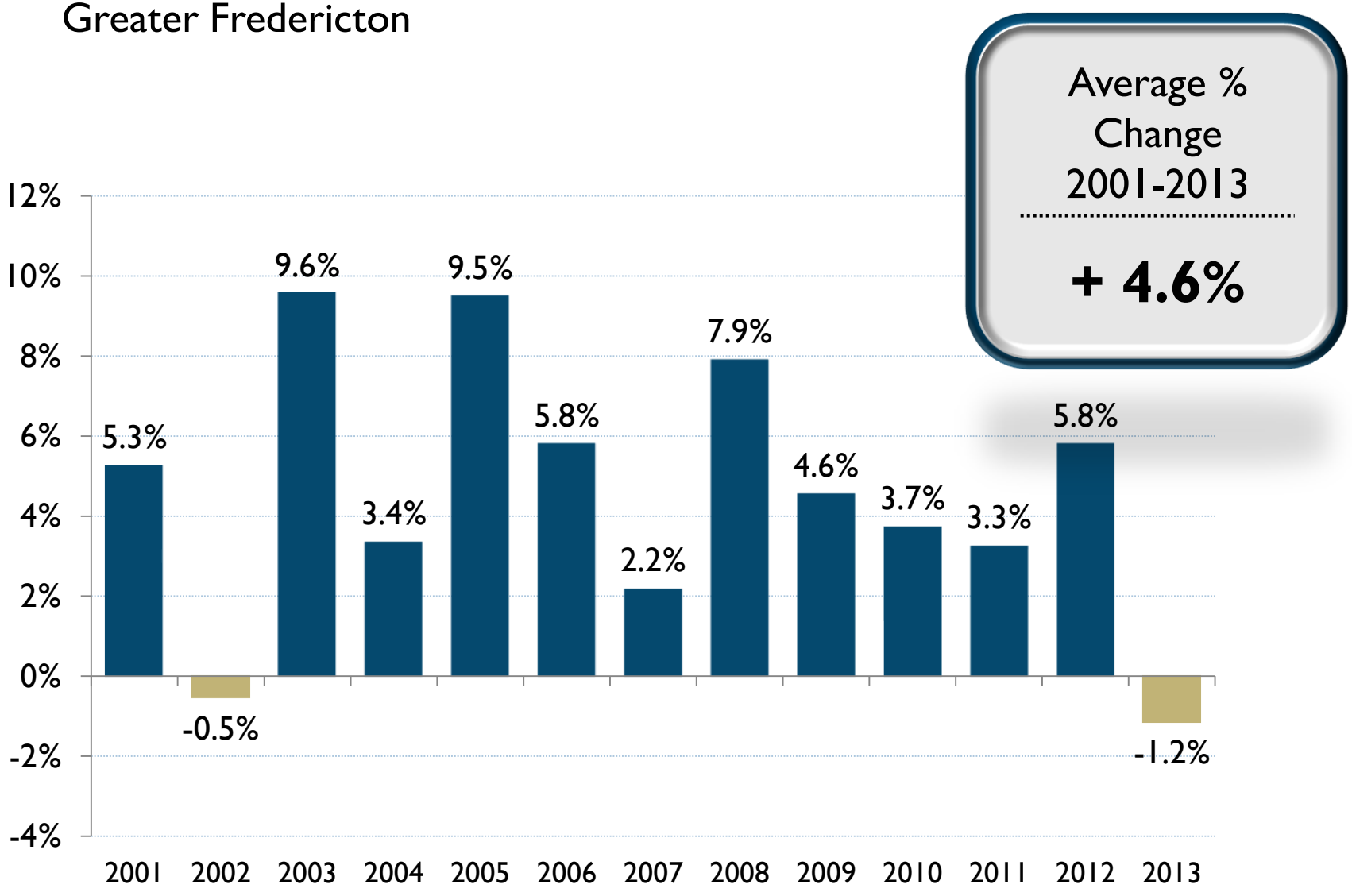
Annual Price Growth (%)

Greater Fredericton



Source: CREA

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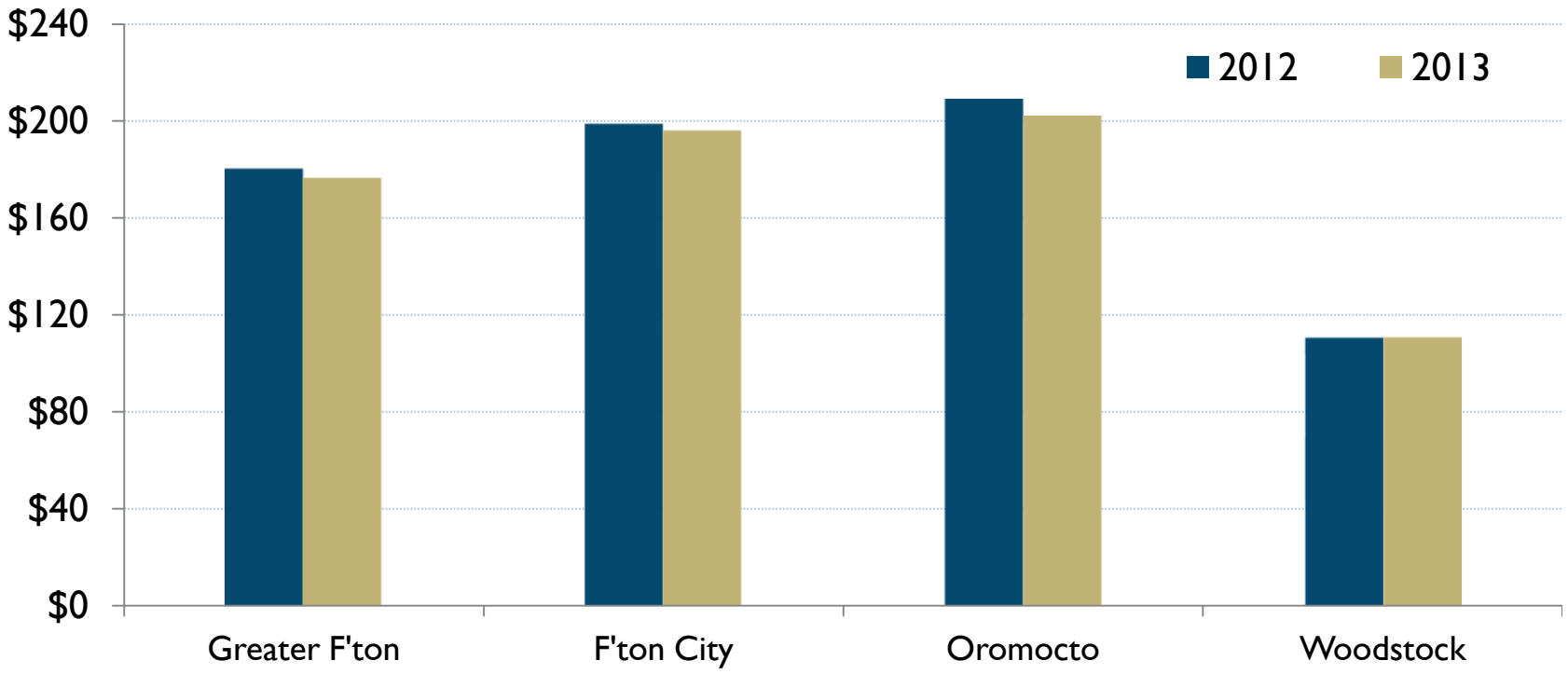
Average MLS® Price by Submarket (000's)

Greater Fredericton

Year-over-Year Change in Average MLS® Sale Price

Fredericton City	Oromocto	Woodstock
- 1.3 %	**- 3.2 %**	**+ 0.2 %**



Source: The Real Estate Board of the Fredericton Area Inc.

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Resale Market Classification

Greater Fredericton

Current Conditions – Resale Market		
MLS® Sales	Decreasing	Buyer's
New Listings	Stable/High	Buyer's
Sales to New Listings Ratio	Decreasing	Buyer's
Price Growth	Decreasing	Buyer's
Days on Market	Increasing	Buyer's
Greater Fredericton		**BUYER'S**

Source: The Real Estate Board of the Fredericton Area Inc.
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Housing Market Drivers

Multi-Residential/Rental Market

New Home Market – Single Family Homes

Resale Market

2014 Outlook

2014 Outlook

Resale Market				
Fredericton CA	2013	2014F	% Change	2015F
MLS® Sales	1,869	1,800	- 4%	1,725
Average Price	$178,402	$178,500	0 %	$178,000

- Market conditions to remain favourable to buyer's in 2014
- Decline in existing home sales expected in both 2014 and 2015 due to reduced demand for existing homes
- Prices to continue to decline moderately in 2014 due to ample supply and fewer buyers

Source: The Real Estate Board of the Fredericton Area Inc./CREA
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Forecast: CMHC

2014 Outlook

Residential Housing Starts				
Fredericton CA	2013	2014F	% Change	2015F
Total Housing Starts	673	540	- 20%	480
Single Starts	318	280	- 12%	260
Multiple Starts	355	260	- 27 %	220

- Large number of apartment units under construction during the last half of 2013 will lead to reduced multiple starts in 2014
- Last year's decline in single-detached construction to extend into 2014 with a moderate decline in single starts

Source and Forecast: CMHC

Thank You

Questions?

Contact Information

www.cmhc.ca

or

Call Claude Gautreau

at (506) 851-2742

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